The NATIONAL UNDERWRITER
Life Insurance Edition

FRIDAY, DECEMBER 14, 1956

THE NATIONAL UNDERWRITER, Life Insurance Edition. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 60th year, No. 50, Friday, December 14, 1956. $7.50 per year (3 years, $20); Canada, $8.50 per year (3 years, $23); Foreign, $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter June 9, 1900, at the post office at Chicago, Ill., under the Act of March 3, 1879.

The NATIONAL UNDERWRITER

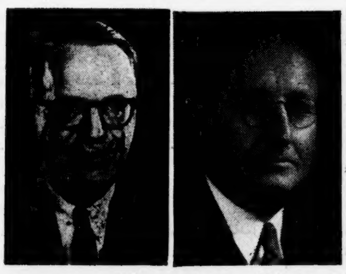
60th Year, No. 50
December 14, 1956

The National Weekly Newspaper of Life Insurance

$55 Billion Sales, $415 Billion in Force Is '56 Score

Fitzgerald Reports Mammoth Results at 50th Anniversary of Life Insurance Assn.

NEW YORK—Life insurance ownership in the United States will reach a new peak of $415 billion by the end of this year, covering some 106 million policyholders, Edmund Fitzgerald, president of Life Insurance Assn. of



Edmund Fitzgerald · B. L. Holland

America and of Northwestern Mutual Life reported to the association at its annual meeting here.

Mr. Fitzgerald also said sales of life insurance will probably exceed $55 billion, and benefit payments under life insurance, annuity, and A&S insurance policies will reach $7½ billion, up about 11%.

Reviewing the half century of life insurance progress since the associa-

NEW OFFICERS ELECTED

President—Benjamin L. Holland, president of Phoenix Mutual Life.

Directors—Presidents Julian D. Anthony of Columbian National, Horace W. Brower of Occidental of California, Edmund Fitzgerald of Northwestern Mutual, Clarence J. Myers of New York Life, H. Bruce Palmer of Mutual Benefit Life, and H. R. Stevenson of Crown Life of Canada. Mr. Fitzgerald is the outgoing LIA president.

tion was formed, Mr. Fitzgerald said aggregate ownership of life insurance has risen from $12 billion, the number of policyholders from 16 million and total assets of the business from $3 billion to $95 billion.

"Government, too, has grown," he said, "and it is inevitable that the two great organizations, government and the business of life insurance, both serving the wants, hopes and aspirations of the American public, find themselves today more frequently in contact with one another, with such contacts more complex and more diversified. There must be the closest cooperation if the American public is to receive maximum benefit from the dollars committed to these fields either through taxes or premiums."

It was Mr. Fitzgerald's conclusion that life insurance must assume that "basic and long-term relationships be-

(CONTINUED ON PAGE 27)

NW Nat'l. Stops Attempts to Obtain Stockholders' List

Judge Brand in Hennepin county district court at Minneapolis has denied the petitions of B. F. Houston, vice-president of Dallas Union Securities Co. of Dallas, and Life Insurance Investors, Inc., Chicago, for access to the stockholders' mailing lists of Northwestern National Life.

Mr. Houston, who is also a director of Northwestern National, sought as well a copy of the mailing list of the company's participating policyholders. Dallas Union Securities, acting for Great Southern Life of Houston, seeks control of Northwestern National through an offer to buy Northwestern National stock at $103.50 a share contingent upon acceptance by holders of 50% of the stock, or 110,500 shares, by Dec. 21. The offer originally hinged upon acceptance by holders of 75% of the stock.

• • •

A counter-offer by Minneapolis supporters of Northwestern National's management for 15,000 shares at $103.50 has been termed a success despite the fact that they failed to purchase that many shares by the Dec. 10 deadline. However, the adherents did buy enough stock to put Northwestern National in a firmer position in its fight to ward off a change in control.

Northwestern National and First National banks in Minneapolis, agents for the group of Minneapolis citizens, will continue to buy stock for the group on a day-to-day basis for an undisclosed period of time. President John S. Pillsbury Jr. of Northwestern and two directors, Bruce B. Dayton and Thomas M. Crosby, are the only members of the group identified so far. Mr. Dayton is executive vice-president of Dayton's, Minneapolis department store, and Mr. Crosby is assistant general manager of the special commodities division of General Mills.

Neither Northwestern National nor Great Southern can issue a victory statement at this time. The battle for control is expected to continue until about 10 days before Northwestern National's stockholders' meeting on Jan. 28.

• • •

Nationwide Corp., of Columbus, O., an investment subsidiary of Nationwide Mutual (the casualty insurer), also is offering $103.50 for the stock.

Life Insurance Investors, which owns 9,150 shares of Northwestern National and reportedly is the largest single stockholder, sought the mailing list on grounds that it wanted to poll Northwestern shareholders to learn what they are going to do. Northwestern, however, accused the Chicago investment organization of seeking to assist in a "scheme" for control of the life company by Nationwide Corp.

George W. Wells, until Oct. 1 president of Northwestern and still a director, is named as a participant in the scheme for control. He reportedly owns between 1,000 and 2,000 shares of Northwestern. Also named participants are Raymond T. Smith, Best & Co., president of Life Insurance In-

(CONTINUED ON PAGE 27)

Western & Southern Acquires Control of Life of Missouri

ST. LOUIS—Western & Southern Life of Cincinnati has secured stock control of Life of Missouri, with home offices here and is already sending checks in payment of the stock being taken over at the agreed price of $32 per share. The mailing of checks began Dec. 10, although the agreement to purchase stock at the same price per share will be held open until Jan. 31.

Should all of the outstanding stock of the Life Insurance Company of Missouri be sold to the Western & Southern at the $32 price the total would be $12,800,000. It is believed many stockholders will wait until after Jan. 1 to come under the purchase agreement so that their capital gains will come under their 1957 federal and state income tax returns.

Mutual Bank & Trust Co. of St. Louis is holding the stock in escrow under the purchase agreement. The brokerage firm of A. G. Edwards & Sons is in charge of the solicitation of stock for Western & Southern.

William C. Safford, executive vice-president of Western & Southern, confirmed that his company had acquired more than 51% of the Life of Missouri stock, which was the minimum amount that it had set up upon the offer to purchase at $32. "We hope to continue to operate the company there just as it is," Mr. Safford said.

It is anticipated there will be no final official statement by Western & Southern as to its plans for the future of the Life of Missouri until after Jan. 31, which is the final date for pledging stock with the escrow agent. It is believed in financial circles that the fine agency organization and other personnel of the Life of Missouri will be retained even should the final decision to be for reinsurance of the business.

Life of Missouri operates in Missouri, Illinois, Kansas, Oklahoma, Arkansas, Iowa, Kentucky and Indiana and has plans for expanding its field of operations in 1957. Its operations are somewhat similar to those of the Western & Southern, with the only principal points of duplication being the St. Louis and Chicago sections. As of Dec. 31, 1955, Life of Missouri had $75,758,888 of ordinary and $99,481,793 of industrial business on its books. Its group business in Missouri totaled $10,417,001 as of Dec. 31.

Variable Annuity Bills Lose in N. J.

TRENTON—The three variable annuity bills sought by Prudential are "dead," according to Majority Leader McCay of the state senate. He said the bills, which passed the assembly last spring, would not get senate committee action in time for a vote this year.

Prudential said that in spite of Sen. McCay's statement the company would continue to urge adoption of variable annuity legislation "since we are convinced it is in the public interest."

NAIC Defers Action on New Mortality Table Until June

Opposition of Small Companies Surprises Advocates of Change

The new mortality table prepared by a special committee of Society of Actuaries in cooperation with insurance department actuaries and recommended for adoption by the NAIC at its Miami Beach meeting, failed to get the green light after a spectacular three-day parliamentary career. It was re-referred to the life committee for further consideration and will not be up for action until the annual meeting in June.

At no point was the new table strenuously advocated by any strong partisan effort, those favoring it taking the objective position that it would be a good thing for the business. The opponents, however did not share this view and they were able to convince enough commissioners that it would be detrimental to some of the small companies as to bring to a surprising conclusion a project that had been expected to have a warm reception.

• • •

The subcommittee on deficiency reserves recommended adoption of the table after hearing a good strong debate from members of the industry. This debate was repeated when the subcommittee reported to life committee, and the life committee by a vote of 6 to 5 postponed the report until the June meeting. It was then discovered that one of the commissioners voting was not actually a member of the life committee, and a special executive session was held of this group with the result that a new vote in favor of the table was made an addenda to the life committee report. However, this addenda never got in to the official records because the commissioners and executive plenary session came to the conclusion that more study would be advisable.

The suggestion that a new mortality table be adopted was made at the June meeting of NAIC, and the fact that it has been in process of preparation has been well known and well publicized. Opposition had not made itself felt before the Miami Beach meeting, and the expectation was that it would get the NAIC blessing.

Commissioner Arch E. Northington of Tennessee was elected chairman of the NAIC executive committee at the closing session. He succeeds J. Byron Saunders of Texas, who resigned to become vice-president and counsel of Republic National Life.

Paul A. Hammel of Nevada was elected secretary-treasurer of NAIC, confirming the appointment made a few months ago when he replaced the late George Bowles of Virginia. Mr. Bowles' death also produced a vacancy on the executive committee from zone 3, and this was filled with the election

(CONTINUED ON PAGE 25)

Institute of Life Insurance Elects F. W. Ecker Chairman

Frederic W. Ecker, president of Metropolitan Life, has been elected chairman of Institute of Life Insurance, succeeding Edmund M. McConney who has just retired as president of Bankers Life of Iowa.


F. W. Ecker

Newly elected to the board of directors for terms through 1960 were Richard B. Evans, president Colonial Life, Benjamin L. Holland, president Phoenix Mutual Life, and Robert B. Richardson, president Western Life of Montana. Mr. McConney resigned as a board member and was succeeded for the term through 1958 by M. R. Dodson, president Ohio National Life.

Louis W. Dawson, president Mutual of New York and Howard Holderness, president Jefferson Standard Life, board members whose terms expired this year, were re-elected to serve through 1960.

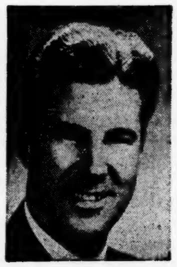
Elected to the board's executive committee were Mr. Ecker, ex-officio chairman and presidents O. Kelley Anderson of New England Life, J. K. MacDonald of Confederation Life, Powell B. McHaney of General American Life, Clarence J. Myers of New York Life, Carrol M. Shanks of Prudential, and T. A. Sick of Security Mutual Life of Nebraska.

The executive committee re-elected Holgar J. Johnson president and Richard F. Griffen vice-president. Arthur C. Daniels, vice-president, was re-elected with the additional title of secretary, assuming the executive post vacated by Douglas L. Dubar, whose retirement on Jan. 1 was announced at the meeting. Miss Margaret E. Gallagher was re-elected treasurer.

MAY KEEP STOP-GAP

Treasury Still Has No Permanent Tax Basis for Companies

NEW YORK—The Treasury Department's proposal for a "permanent" income-tax basis for life companies has not yet been unveiled but "our information indicates that the Treasury is still working on the problem but an early proposal is not anticipated," said Eugene M. Thore, in his report as general counsel of Life Insurance Assn. of America at the annual meeting here of LIA.


E. M. Thore

Mr. Thore said that under these circumstances the present temporary law may be extended again to cover the tax year 1957.

"For five years," said Mr. Thore in his report, "the industry has been in an uphill fight to avoid a tax equivalent to the unsound 1950 formula, to defeat the individual company approach advocated by Acacia Mutual, and to avoid the Treasury's total-income proposal. These threats are still present.

• • •

"Had the 1950 formula been continued on a stop-gap basis our position would be critical. For the tax years 1951 through 1956 the 1950 formula rate would have been approximately 7.6% for 1952, 9.5% for 1953, 11.0% for 1954, 12.7% for 1955 and 14.3% for 1956 Under the 1950 law, the reserve interest deduction would be approximately 73% for 1956 as compared with 85% in the extension recently granted."

Mr. Thore recalled that in passing the extension bill for the tax year 1955 both the House ways and means committee and the Senate finance committee recognized the Mills-Curtis plan as an "improvement over previous temporary formulas." The reports of both committees, he said, also make it clear that the burden is now on the Treasury department to submit its proposal, though prior to the Mills-Curtis plan the ways and means committee seemed to place the burden on the life companies to suggest permanent legislation.

"We were blamed for the absence of permanent law," he said. "This burden now has shifted to the Treasury. For many years they contended that they could work out a plan to tax companies on a total-income basis. At no time have they presented a workable plan. We now are in the position where the House at least thinks that the Mills-Curtis plan is a sound basis for permanent legislation. They are insisting that the Treasury produce its plan.

"Tax legislation initiates in the House and unless the Treasury can come up with a plan that satisfies the ways and means committee it is unlikely that they will shift from the Mills-Curtis plan in the near future. But this does not mean that a Treasury proposal based on total-income will not be carefully considered by Congress. Congressional attitude at this time seems to favor consideration of the total-income approach but there is general feeling that it is not workable. There is also some support for the 1950 formula in the senate finance committee, in the Treasury and the staff of the joint committee."

Mr. Thore's report contained a comprehensive review of all federal activities of interest to the life insurance business.

Northwestern Mutual to Grade Premiums on All Its Policies

A new price structure in which premiums on all policies will be graded to the dollar amount of the purchase will be put into effect Jan. 1 by Northwestern Mutual Life. Thus, Northwestern claims to be the nation's first major life company to apply the graded-by-size principle on an "across the board" basis.

However, the principle appears to be a fast-approaching trend in the industry, and several other companies, some of them major ones with coast-to-coast operations, are now making preparations to the graded-by-size principle.

Northwestern has established three levels in the face value of its policies, and as face value steps up at each level, the premium rate goes down. All permanent policies with face values under $5,000 will be sold at the current premium rate, but at $5,000 and up the annual premium per thousand is $1 less. For policies of $10,000 or more, annual premiums decrease an additional 25 cents, a total of $1.25 below the base.

• • •

Benefits of the graded premium plan will not be limited to new policyholders. "The change will, in effect, be made retroactive to 1947," Robert E. Dineen, Northwestern vice-president, said.

He explained that there will be increased dividends for all policies of $5,000 or more purchased under the commissioners standard ordinary mortality table that has been used for the past decade. Net effect of the increased dividend will be that of a lowered payment for these policies.

"The idea of dollar savings for quantity purchases—well established in all American business, including other forms of insurance—is not new to life insurance. It has long been used in 'special' policies. But now, for the first time, the principle is being applied by a major company to all its plans of insurance," Mr. Dineen said.

Since the approval by National Assn. of Insurance Commissioners this year, gradation of premiums has been adopted "across the board" by three life companies and gradation of dividends by one. None of these companies operate coast-to-coast.

These companies are: Companion Life of New York, Standard of Oregon, —West Coast Life—premiums only; and Teachers I.&A.—dividends only.

Seven More Companies Elected LIA Members

NEW YORK—Life Insurance Assn. of America has elected as members American General Life of Houston, Northern Life of Seattle, Peninsular Life of Jacksonville, Fla., Security Mutual Life of Lincoln, Neb., United Life & Accident of Concord, N. H., Wisconsin National Life of Oshkosh, and Woodmen Accident & Life of Lincoln, Neb.

ALC-LIA Urge Six Shifts in Proposed Estate Tax Rules

WASHINGTON—Spokesmen for American Life Convention and Life Insurance Assn. of America have recommended to the Internal Revenue Service and the Treasury department these six changes in the estate tax regulations proposed by IRS last October.

• Insured and uninsured annuities should be taxed on the same basis so as to remove the present serious discrimination against insured annuities.

• Calculating the value of qualified employe plans attributable to employer contributions needs to be clarified. This could be done through additional clarifying language for group annuity contracts but plans funded by individual policies present a more difficult problem but a solution needs to be found, in the interest of simplicity and fairness.

• • •

• Taxation of proceeds of some life insurance policies as if they were annuities would be a revolutionary theory if retirement income and similar life insurance policies are deemed for estate tax purposes to lose entirely their right to be called life insurance once their reserves accumulate to some predetermined figure. The ALC-LIA recommendation is to carry forward the existing rule in income tax to the estate tax field.

• On the tax treatment of life insurance under buy-sell agreements, ALC-LIA said that the valuation of business interests where the corporation or partnership receives the insurance proceeds is strictly speaking a matter of valuation and should be treated under the appropriate section of the rules. If its specific connection with life insurance proceeds is considered to furnish reason for treating it under another section, the negative as well as the positive effects should be stated, according to ALC-LIA.

• • •

• Regarding taxation of life insurance proceeds involving ownership of policies by a partnership or corporation, ALC-LIA said the proposed regulations set forth the negative rule that an incident of ownership held by a corporation of which the decedent was sold stockholder is an incident of ownership in the decedent but the associations recommend that the positive side of this premise be set forth also by an additional statement in the regulations to make it clear that incidents of ownership held by a partnership or corporation which has more than one stockholder are not to be imputed to the decedent merely because of his ownership of stock or membership in the partnership.

• As to life insurance policies held in trust, ALC-LIA said: "The regulations impute to the decedent incidents of ownership in life insurance if he had any of the usual trustee powers over a trust which owns the policy. This broad case for inclusion of the proceeds in his estate is questionable under the code. This is justifiable in any case only if the decedent is both trustee and grantor of the trust. It may be that the omission of reference to the trustee's status as grantor was an oversight. We recommend that it be corrected by specific language to the effect that only if the decedent was grantor do the provisions of this portion of the regulations apply."

John J. Magovern, vice-president and counsel of Mutual Benefit Life and chairman of the joint ALC-LIA legislative committee, H. E. Blagden, 2nd vice-president and associate actuary of Prudential, and S. A. McCarthy, associate counsel Equitable Society, appeared for ALC-LIA.

Cal., L. A. Assns. Edorse Jack White for NALU Secretary

Jack White, trustee of National Assn. of Life Underwriters and manager for Prudential at Los Angeles since 1940, has been endorsed for secretary of NALU by the California State Assn. of Life Underwriters, Los Angeles Life Underwriters Assn., and Los Angeles Managers Assn. He is serving his second term on the NALU board, having been reelected this year. He has held all offices in the Los Angeles Life Underwriters Assn. and the Los Angeles CLU chapter.

Jack White

Mr. White is a member of the NALU committee on conservation and is chairman of the associations committee, which is responsible for NALU leadership training, workshop program, and executive secretary training activities. He was conservation chairman 1954-56 and was regional vice-chairman of the membership committee 1951-52. He has served as a director of the managers' association and is now on the life insurance committee of the local chamber of commerce. Mr. White is also president of the California chapter of the National Society for the Prevention of Blindness. He is an alumnus of University of California at Los Angeles. His entire 25 years in insurance has been with Prudential.

W. Thomas Craig, general agent for Aetna Life in Los Angeles, will head the campaign for Mr. White's election as NALU secretary.

Relax, It's Not THAT Levy Who's Writing Insurance SOP Manual

WASHINGTON—A report that Michael Levy, New York broker whose book on insurance stirred up a lot of resentment among life insurance people, had been selected by the Defense department to write its manual for the insurance advisers on military installations throughout the world rekindled considerable concern among life insurance men here but proved to be wholly unfounded.

The rumor was generated by the fact that the book will be written by Sidney A. Levy, an able editorial assistant in the department's office of education and information. Considerable interest was manifested by life insurance representatives when the Michael Levy rumor was circulating and some of them inquired at the Pentagon, only to find it was purely a case of mistaken identity. Actually, Michael Levy had never even been considered for the job. The two men are not related.

Nat'l. Underwriter Veteran Retires

Edwards Succeeded by Gessing; Wohlgemuth to St. Louis

A. J. Edwards, a 26 year veteran of The National Underwriter Co., retired December 1 at age 65 under the company's pension plan. He is being succeeded, as manager for Indiana and Michigan, by W. J. Gessing Jr., of Kansas City. The new manager for Missouri, Tennessee, Arkansas and Mississippi is George E. Wohlgemuth, who will headquarter at St. Louis.

A. J. Edwards

Mr. Gessing has been manager at Kansas City for 11 years and has a wide acquaintance in the insurance fraternity. Because of a rearrangement of territories, his former office at Kansas City is being closed, and a new office has been opened at 221 Pierce building, St. Louis.

W. J. Gessing

G. E. Wohlgemuth

Mr. Wohlgemuth joined the National Underwriter Co. in 1930 and has served in various editorial capacities. He has traveled the midwestern and southern parts of the country extensively and has a wide acquaintance among company officials. Along with his promotion to the field organization, he will continue as editor of the *Life Insurer*.

Mr. Edwards had had a successful business career in banking and selling before joining The National Underwriter Co. in 1930, and over the years he developed a close, intimate and personal relationship with his many friends and customers in Indiana and Michigan. He has taken up residence at the Hotel Continental, Indianapolis.

United L.&A. Markets New Family Policy

United Life & Accident has brought out a policy which insures all members of a family under a single policy.

Available in one or more units, each family policy carries $2,400 of 20-year endowment on the principal insured; $1,200 of 20-year term on the spouse of principal insured, and $600 of 20-year term on each insurable child. A conversion privilege permits the principal insured to convert each unit to a much larger amount of paid-up life at the termination date of the policy.

All dependents may convert to a premium-paying plan at termination date. In the event of death of the principal insured, the dependents will be covered until termination date with no further premium payments. Additional children born can be insured for a small additional premium.

Foundation Life Ins. Service Co. Expands, Now Has Own Building

Foundation Life Insurance Service Co., which handles virtually all types of home office functions for smaller life companies, has purchased a mansion in Atlanta's residential northside section. It plans to use the 11-room house as its headquarters for the next two years while proceeding with plans for a new office building on the 6-acre site.

Foundation Life Insurance Service was organized early last year to handle for new life companies such home office functions as underwriting, accounting, actuarial, legal and other services for a fee based on premium income. It was organized by Dan A. Aldridge, president, formerly assistant secretary of National Old Line Life of Little Rock, who had seen the need for such service among the increasing number of life companies being formed. With Foundation Life Insurance Service taking over the job of processing applications, issuing policies, making reserve calculations, mailing premium notices and handling reinsurance, the company executives can concentrate on obtaining new business. Foundation will also audit and pay its client companies' bills, keep their general and premium accounting records, assist in the preparation of convention reports, provide legal, actuarial, medical and investment counseling and any other services desired by the clients.

The idea has been well received, according to Mr. Aldridge, and the company now holds contracts with insurers in Georgia, Kentucky, Louisiana and Texas. Foundation has began an expansion program, including mechanization of operations as far as is possibe, for faster and more complete service.

N.Y. Managers Assn. Annual Dinner to be Postponed a Month

New York City Life Managers' Assn. is not having its usual dinner for home office executives attending the annual meetings of Life Insurance Assn. of America and Institute of Life Insurance. The December date was offered to LIA in view of its golden anniversary celebration Dec. 12-13.

Instead, the managers' association will hold its first annual dinner to honor its past presidents. This will be Jan. 15 in the grand ballroom of the Hotel Pierre.

Wheeler H. King, New England Life, association president, has appointed Irving S. Bober, New England Life, and Charles N. Barton, Union Central, to formulate plans for the dinner.

Insurer Wins Case on Assignments to VA Hospitals

U.S. court of appeals at St. Louis has affirmed the district court decision which held the veterans administration does not have enforcible cause of action against insurers on the basis of an assignment taken from an insured veteran while in a VA hospital. The district court at Lincoln, in United States vs St. Paul-Mercury Indemnity, and the district court, held that the insured did not have any "expenses actually incurred by the insured" in the VA hospital as required by the policy.

This is a key decision in the matter of assignments for care in VA hospitals. The insurers have, for the most part, contended that service provided to the veterans free of charge brings no liability to them.

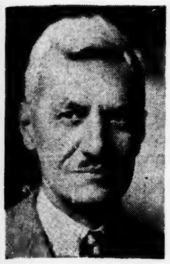
John P. Key of the Stone agency of Pacific Mutual Life, Los Angeles, is celebrating his 40th anniversary with the company.

Pittsburgh Telephone Directory Available

The Pittsburgh Insurance Telephone Directory has just been published by the National Underwriter Co. Copies may be obtained for $1 each from the National Underwriter Co., 420 E. Fourth street, Cincinnati 2, Ohio.

Keep 'Massification' from Submerging the Individual: McConney

NEW YORK—One of the most challenging problems before American business today, in this era of automation, is that of maintaining the identity of the individual, E. M. McConney, chairman of Institute of Life Insurance, who just retired as president of the Bankers Life of Iowa, said in opening the annual meeting of the institute here.



E. M. McConney

Citing a long list of outstanding figures of the past, Mr. McConney said that, "whether we admired such men or whether we disliked them, whether we judged them good or bad, it was men like these who drove our nation forward from little struggling settlements."

In today's period of "massification," Mr. McConney said, "our business enterprises are expected to be of a long-term nature, go forward into an unforseeable future, large by old standards, operating on a group basis. The corporation is managed by a group; the university is a large scale factory for disgorging the educated; the research foundation rather than the inventor in the old red barn develops the scientific discoveries. We applaud the ensemble rather than the brilliant soloist. The group concept has almost taken the place of the individual."

Mr. McConney pointed out that this is an almost inevitable development as the various units in our nation grow so complex and large as to challenge encompassment in a single mind.

"Automation must be accepted," he said. "The jet age and atomic progress cannot be side-stepped by anyone. In effect, we are all of us today in somewhat the position of the blacksmith at the turn of the century. We must face and accept these changes or we shall be lost in the continuous process of social and economic change. The electronic brain, atomic power, jet propulsion, institutional research—all such things promise a bright, new world for the children of our policyholders.

"But in this period of transition to group activity, the pattern of things can readily submerge the individual. It could create a Frankenstein monster. Institutions have a genuine responsibility to develop the creative genius of the individual within the framework of the group concept. A balance between the two is imperative if we are to keep our institutions entrenched in this new world of ours."

State Life of Ind. Plans $1 Million Home Office

State Life of Indiana is planning to build a $1 million home office building in Indianapolis.

The three-story brick structure is to be of early American design and will have a total floor area of more than 40,000 square feet. The company has purchased an 11-acre tract and will use six acres for the building, leaving the rest for landscaping. Location of the building will be on Cold Springs road at West 39th street overlooking the White river. Present location of the home office is in the State Life building, 15 East Washington street.

Swaim Elected President of Cornbelt Companies

Directors of Cornbelt Ins. Co. and Cornbelt Life have elected Allen W. Swaim president to replace Frank T. Johnson, who has resigned.

Other officers elected included Herbert R. Shuff, vice-president.

California-Western States Issues New Rate Book

California-Western States Life in its new rate book has added the following new policies: participating paid-up life at age 65 with return premium benefit, renewable and convertible term and income continuance policy. The company has also adopted a new type of monthly income disability benefit with the amount of income 1% instead of ½ of 1%.

Premiums have been reduced for waiver disability, accidental death benefits, payor benefits in connection with juvenile and term policies.

Philadelphia Telephone Directory Now Available

The Philadelphia Insurance Telephone Directory has just been published by the National Underwriter Co. In it are the names, addresses and telephone numbers of persons active in Philadelphia insurance. Copies may be obtained for $1 each from the National Underwriter Co., 420 E. Fourth street, Cincinnati 2, Ohio.

Medical Protective Names Davey V-P

The appointment was announced this week of William J. Davey as vice-president of Medical Protective, the professional liability insurer of Fort Wayne, effective Feb. 1. Mr. Davey has been Indiana insurance commissioner and was offered reappointment by Gov.-elect Harold W. Handley, but decided to join the industry ranks.

Medical Protective is the only exclusive malpractice insurer in the country. For the first few years, Mr. Davey will spend his time in Indianapolis and Fort Wayne.

Mr. Davey was a career man with the Indiana department, starting as an examiner in 1947 after graduating from Butler university with honors in accounting and insurance. He became supervising examiner in 1949, chief examiner in 1953 and commissioner in 1955 when Harry E. Wells resigned to become president of American Travelers of Indianapolis.

In his term as commissioner, Mr. Davey received praise from insurance people for his reforms in licensing procedures and for his successful efforts in closing three special charter companies. A number of past commissioners had sought to bring the charter companies under the jurisdiction of the department, but Mr. Davey was the first to succeed.

ASSOCIATIONS

'Million Dollar Hour' Held by Cleveland Assn.

The "Million Dollar Hour," a series of clinics conducted by four Million-Dollar producers, was featured recently at an "early bird" breakfast of Cleveland Life Underwriters Assn.

Moderators and their subjects were: John A. Packal, Home Life, "Programing and Planned Estates"; Chester K. Thomas, Prudential, "How the Combination Man Can Produce a Large Volume"; Robert A. Files, Northwestern Mutual Life, "Current Ideas in Business Insurance"; and James D. Rosenbaum, Connecticut Mutual Life, "Split-Dollar and Bank Plan."

Glen A. Gault, president, Cleveland Chapter of CLU, presented diplomas to nine agents who were admitted to the American Society of CLU.

L. A. Life Supervisors Hold Panel

Life Agency Supervisors Assn. of Los Angeles held a panel discussion on planning for 1957. Three members of the association, Richard Evans of Equitable Society, Clinton G. Conover, Bankers Life of Iowa, and Michael Sokolove, Equitable Society, participated.

Ronald H. Wilson, Jefferson National Life, was presented a special certificate for his outstanding service in increasing the membership of Marion (O.) Life Underwriters Assn. As membership chairman in Marion in 1955, Mr. Wilson sparked the drive that increased the enrollment 60% over the previous year to reach an all-time high for that association.

Washington National Executives Get Pins

G. R. and H. R. Kendall, founders of Washington National and two other executives of the company recently were awarded diamond-studded service pins and certificates recognizing 45 years of continuous service for each. G. R. Kendall is chairman of the executive committee and H. R. Kendall is co-chairman of the board. The other two executives receiving pins were T. J. Griffin, vice-president and treasurer, and E. P. Ortel, agency secretary in the general agency department.

Additional 1957 Dividend Action Announced by Companies

Name of Company	Current Policies	Old Policies	Funds Left with Company: Non-With-drawable %	with-drawable %	Accum. Div'ds. %
Equitable Life, N. Y.	Increased	Increased	3	2.25	3
Guardian Life, N. Y.	Same as '56	Same as '56 (s)	3.1	3.1	3.1
Mutual Life, Can.	Increased	....	3.5	3.5	3.5
Mutual Life, N. Y.	Same as '56	Same as '56	3.15	3.15	3.15
Nat'l. Res., S. D.	"	"	2.5	2.5	3
New York Life	"	"	3	3	3
Penn Mutual	Increased	Increased	3.15	3.15	3.15
State Mut., Mass.	Revised	Revised	3	3	3

(s) Except settlement dividends increased.

Medicare Plan to Mutual of Omaha for Two Regions

WASHINGTON—The role of insurance companies in administering the Defense department's "medicare" program for families of members of the armed forces in 17 states was described here by spokesmen for the health insurance companies.

The "medicare" program was high on President Eisenhower's list of recommended legislation during the last session of Congress. It went into operation Dec. 7.

Members of families of the army, navy, air force, marine corps, U. S. public health service, U. S. coast guard and the U. S. coast and geodetic survey are eligible under the program under the government's regulations.

The Defense department announced that it has awarded the prime contract for administration of the program in midwestern and southeastern states to Mutual of Omaha. More than 30 health insurance companies located in those areas had notified the government of their willingness to serve as contractors.

Mutual of Omaha is now engaging in subcontracting negotiations with three other insurance companies. It is estimated by the Defense department that benefits to be paid under the program will total $76 million yearly. In the states where the program is to be administered by the insurance companies, the claim payments could run as high as $1½ million a month, an insurance company spokesman estimated.

The insurance companies will receive claims for hospitalization costs from more than 700 hospitals in the 17-state area that have indicated their desire to participate in the program. The companies will pay the hospitals for the claims. Hospitals are to be required to itemize their charges and payment will be made for room cost, use of operating rooms, anesthesia, and drugs and dressings.

The hospitals are required to obtain proof that patients are eligible under the "medicare" program and must be on the alert not to provide services not authorized by the government, such as cosmetic surgery. Hospitals are defined under the program to exclude rest and convalescent homes, public institutions and government hospitals and similar institutions. If there is evidence of excessive charges, the government can deny further participation in the plan by any hospital.

After immediate processing of claims submitted by the hospitals, the insurance companies will then draw checks paying the hospitals. The government will reimburse the companies each month for these claim payments by the companies.

It was emphasized that the program will be operated by the insurance companies on a non-profit basis. The companies will be reimbursed only for operating costs incurred, and the government will audit the "medicare" records of the companies periodically.

Contracts between the Defense department and the insurance companies, as well as with Blue Cross organizations which are handling the program in other states, will be subject to renewal and renegotiation on June 30, 1957.

Little Rock GAs Elect Vineyard New President

Little Rock General Agents & Managers Assn. has elected Foster Vineyard, Aetna Life, president to succeed Charles C. Ellis, Metropolitan Life.

Herbert L. Tinson, Prudential, was elected vice-president to succeed Phil Balest, Pioneer Western Life, G. Peck Whitlock, Pan-American Life, was chosen secretary to succeed Robert Lawrence, Prudential. Mr. Ellis, Murrelle Watkins, Union Life, James H. Francis, Lincoln National, and Robert M. Gannaway, Pioneer Western, were elected directors.

Aetna Life Calendars to Feature Masterpieces

Aetna Life group has again turned to the world's masterpieces for its 1957 calendar art.

The group will for the second year reproduce paintings from the National Gallery of Art at Washington, D.C., on calendars for mailing by its representatives. The calendars will display such renowned works as "Still Life" by Fantin-Latour, "The Washington Family" by Savage and "The Return of the Prodigal Son" by Murillo.

Florida Charges Dismissed

Florida department has dismissed charges against Coastal States Life of soliciting a participating investment savings plan policy by giving inadequate or misleading descriptions of the policy provisions.

Otis L. Frost Jr., associate counsel for Occidental Life and with the company since 1948, has been named chairman of the American Bar Assn. subcommittee on insurance companies. He is the only Californian on the 22-man committee.

Actuaries Take Up A&S Problems at Annual Meeting

A well-attended session at the recent annual meeting of Society of Actuaries covered various topics relating to A&S. It was conducted by T. H. Kirkpatrick of Paul Revere Life.

The progress made by "task force 4" in its study of reserve requirements on guaranteed renewable policies was reported on by J. H. Miller of Monarch Life. The report of this committee to the corresponding committee of National Assn. of Insurance Commissioners is almost completed.

The need for developing practical approximate methods of reserve valuation, especially with respect to hospital and surgical expense coverage was emphasized by C. N. Walker, Lincoln National. He also recommended that wide latitude be allowed temporarily in demonstrating the adequacy of the approximate systems to policies and the problems involved in setting up reserves on existing hospital and accident only business were discussed by S. F. Conrod, Loyal Protective.

Paul Revere uses a two-year preliminary term basis, mid-terminal reserves, combining all occupational classes and all waiting periods and ignores full benefits, according to F. J. Gagliuso.

The importance of the actuary's closely watching claim experience was stressed by W. A. Thompson, New York Life. He also pointed out the need for controlling expenses, especially in claim settlement.

The Benefit Association of Railroad Employees holds reserves on its commercial short-term benefit policies, R. E. Larson reported. He also remarked on the much greater variation among companies in morbidity than in mortality experience.

R. P. Walker, Wisconsin National, agreed on the need for recognizing the increasing liability with duration on level-premium loss of time policies, even where cancellation is permitted. His company is experiencing a much higher maternity claim rate than that among the general population, and he questioned the propriety of including maternity benefits in hospital policies.

J. J. Olsen, Prudential, pointed out that although task force 4 was using general population maternity rates, this was for reserves and not as a premium basis.

Recent developments with respect to HEW surveys of disability, its incidence and duration, were discussed by C. D. Williams, Life Insurance Assn. of America. He noted that in interpreting any data they may publish, the differences between general population and insured experience should be kept in mind.

• • •

Mr. Kirkpatrick reported on other current developments in the A&S field, including the HEW survey of medical care and the activities of the Metcalf committee in New York state in studying coverage in rural areas and the problems of cancellation and conversion of terminating group coverage. He also discussed recent conferences on the aging population at Michigan and Purdue universities and the proposed "blueprint" of the Health Insurance Assn. of America, surveying all phases of health insurance relating to areas not now covered adequately.

Problems encountered by the Union Mutual Life in developing its recently introduced line of non-cancellable policies were discussed by W. L. Barber. One new departure was the issuance of substandard business at premium rates 125% of standard.

The rules followed by Prudential in making policy changes were discussed by J. J. Olsen, especially with respect to the problems involved where benefits were being increased. His company also permits changing personal to family hospital coverage on marriage.

Metropolitan Life's practice of allowing special dividend credit and retention of original age on changes of commercial loss of time policies was described by G. B. Trotta.

Practices of Monarch Life with respect to policy changes were detailed by R. H. Morse. His company prefers to increase coverage under an old policy to adding a new policy.

Wisconsin National requires consolidation of similar expense benefits in one policy, R. P. Walker stated. He also listed its rules for making commission adjustments on policy changes.

Drury Predicts 6,000 GAMC Members in 1957

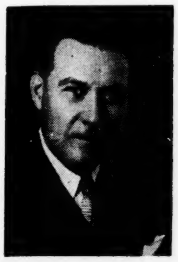
L. V. Drury of Sun Life of Canada, vice-chairman of General Agents & Managers Conference of National Assn. of Life Underwriters, has predicted that GAMC membership in 1957 will top 6,000.

Availability of associate memberships, more GAMC services and additional local interest are reasons for the growth, he said. Current membership is over 5,000.

Johnson Says:

Business Should Take Lead in Adjusting to Changed Conditions

NEW YORK—One of the important problems facing every business institution and the basis of a large part of all public relations work is the aid and leadership given by business to individual adjustment to social and economic change, Holgar J. Johnson of New York, president of the Institute of Life Insurance said in making his annual report to the institute.



Holgar Johnson

"As the people of this country move from one stage of economic or social or moral development to another, there will always remain the problem of adjusting the past to the new environment," Mr. Johnson said. "Even though some changes are most apparent, they must be related to what has been and what is, for people don't always change as fast as events. And we are dealing with people. By dispelling false concepts, American business will provide leadership."

Mr. Johnson pointed out that business has made great strides in directing its efforts towards performance in the public interest and yet recent studies indicate that many old misconceptions which cause apprehension were listed by him as:

- The traditional theory that big business is monopolistic.
- The old assumption that in their economic life men are motivated solely by naked self-interest.
- Retention of the view of capitalism as it existed in the period of early development.
- Concern that large corporations tend to submerge the individual.

"These viewpoints are controverted by the facts," Mr. Johnson said. "American business in recent years has come to a point of view which makes the modern business as responsible to the public for its social performance as it is to earning its way through profits."

Citing specific examples of current management philosophy, he demonstrated how business today is concerned not only with current products and services but equally with continuity into the future, long after present management may have gone; how the job of management today is more like that of a public official than the traditional owner; how business contributes to education and health and other public services; how concerned business management is today with human relations and the welfare of the individual.

"Even though great progress has been made by business generally and life insurance in particular, there will always remain a job to be done to win and hold public support," Mr. Johnson said. "Changes in public attitudes often take place slowly."

FCC Denies TV Shift Plea by Travelers

Federal Communications Commission has denied a plea by Travelers Broadcasting Service of Hartford for reconsideration of the FCC proposal to shift VHF TV channel 3 from Hartford to Providence.

Travelers has been awarded the channel but has been ordered not to build a station until FCC has acted on a proposal which would make Hartford an all-UFA area by transferring UHF channel 61 to that city from Easthampton, Mass.

Tells Why Equitable Society Uses LIAMA Development Program

In spite of having its own well-developed training program, Equitable Society quickly saw the value of LIAMA's agent development program and proceeded to integrate it with the company's own program. Clarence B. Metzger, 2nd vice-president of Equitable, told the recent LIAMA meeting at Chicago how this is being done. Following is a condensed version of his talk given in the panel discussion on management development:

C. B. Metzger

It is no secret that the art or science of salesmanship has not kept pace on the college campus with the growth in prestige of other types of occupations. This is well known to the committee on education and training of our own organization here and likewise to those members of that excellent committee of LIAMA on relations with colleges and universities, who have done so much to correct this situation.

Today in swank hotel lobbies or ballrooms and in the great railroad stations around the country, we see the beautiful new cars of today. Some of them are a bit shocking in design and color and the luxuriousness of appointments and the apparently limitless list of gadgets regardless of genuine need impresses us with at least the vision and the daring of the automobile manufacturers and the courage and vision of their sales organization planners in producing, not necessarily the demonstratively superior products, but certainly more expensive ones.

Think for a minute of the retooling that has been necessary to produce these wheeled luxuries. In preparing for the new models, all production in the plants had to stop. Plants had to be dismantled, machinery and dies scrapped, new tools designed, manufactured and installed, new production schedules devised and implemented, and workers trained to new processes. While this was going on, the work forces had to be laid off or reduced to a minimum and the financial geniuses of the business had to find out where the money was coming from to pay for all these things.

Contrast that but for a minute with our business. Our retooling has been slow and without too much imagination. True, a few genuinely new policies or concepts have come into being within the last year or so, such as the family policy to mention just one, but in the main our retooling has been confined to a price-cutting war in which we have foolishly perhaps diverted the attention of the public to the *price* of our product and not to any improvement in its value to the buyer. It is not my purpose to go into a discussion of the relative merits of different kinds of policies, but merely to raise the question, "Why does the life insurance business engage in a cutthroat, price-cutting war, when all the rest of American industry is producing better or at least more expensive products which they are merchandising most successfully in the period of our greatest prosperity?" One more question and then I'm through on this subject. "Why does the life insurance industry sell cheap policies with low savings elements to the public at a time when the public is in the best position in history to lay aside those dollars which we will undoubtedly need for a rainy day?"

• • •

Obviously, the answers are not readily apparent, but it has been my observation that today there is more recruiting of agents and members of life insurance sales managerial staffs from within the ranks of our industry rather than bringing promising new men into the business. Is it just not possible that this results from the lack of well-defined management development programs in our business generally? I would venture the assertion that there has been more interest displayed in this subject of management development in the field of life insurance in the last two or three years than in the preceding 50.

Last year, about this same time, this meeting was devoted to the subject of management development programs in the several companies, and a number of members of a panel outlined the management development programs of their several companies. At that time, I had the honor of presenting my company's management development program which had been in effect for some 30 years, but which was about to be modified. You all know the old saw about the fish saying that "If I had not opened my mouth, I would not be on the hook, but I did and am!"

• • •

For many years the Equitable has had the unit manager system, which has provided us with a steady flow of agency managers, directors of agencies, field vice-presidents and agency officers at the home office.

Up until 1946, their training was rather informal but beginning that year we employed the services of LIAMA in giving three of its schools in agency management to all of our then agency managers and some 40 unit managers. This was followed by the expansion of our company into the field of unit manager training which has been going forward steadily since that time, with the result that every unit manager of at least a year's experience has had the benefit of some formal training in an Equitable school in unit management plus the follow-up training by his agency manager and field vice-president.

However, as was pointed out from this rostrum last year, we had been giving attention to the validation of such training and came to the conclusion that at such schools we gave "too much, too fast"—a rather complete treatment of the general agent or manager's job, such as recruiting, financing, training on the job, training by home office instructors, supervision and business management. Our unit managers went home after such a school with an excellent background of what the job was, but few were able to put it into effect because their agency managers were too busy to follow through on a complicated schedule in addition to their many other duties.

Consequently, we decided to offer management training by segments or pieces, one at a time, such as a segment on recruiting, a segment on training, a segment on supervision and so on.

• • •

Also, we have found from past experience, such as in our advanced schools in unit management which were attended by both agency managers and all their unit managers on a departmental basis, that we could do a better job in training the trainers to train; that is, both agency and unit managers, if we gave the training to relatively few people at one time and confined the training to those of comparable geographic territory, marketing conditions and sales training philosophy. We therefore decided to offer these "segments" to a few agencies at one time, preferably in their own agency territories or neighboring ones, and to insist that agency managers be present with all of their unit managers, seasoned as well as new ones. And most important of all, that the interested field vice-president also be there to observe and to advise, but most of all, to see that teeth were put into the program from the standpoint of the agencies under his jurisdiction. At the same time, in connection with such segments, it has given the field vice-presidents the opportunity to conduct a detailed agency review with the agency personnel represented—that is, a review with each individual agency manager and his unit managers.

Obviously, with over 100 agencies and a limited number of management trainers available, it became obvious that it would take the company several years to put the program in operation. But consistent with the objective of "not how much, but how well done," we felt it important to do the things right, regardless of how long it will take. In surveying our problems, it seemed very evident that our most acute problem was getting new men into substantial production within the first 90 days. Consequently, we decided to give first a "segment on training" which would cover essentially the problem of training the man on the job by his unit and agency manager before contracting with him and during his first 90 days, at the same time laying a firm foundation for his later development and subsequent training.

The program was inaugurated in March of this year and we have com-

(CONTINUED ON PAGE 16)

Calls LIAMA Development Program Answer to Small-Company Prayer

Southern Life of Georgia had a wealth of material on training and supervision but it was not properly organized and was largely being used on a hit-or-miss basis. The company was faced with the problem of building a real training program—a task the management preferred to avoid if possible. In the midst of this dilemma the company received the LIAMA agent development program. Here is what Southern Life did about it, as described by its agency vice-president, Peyton C. Lingle, at the management development conference during the recent LIAMA annual meeting at Chicago:

To Southern Life the LIAMA agent development program was an answer to a prayer. It gave us an organized, set procedure for a general agent to follow . . . it tells him what to do and how best to do it. It gave us the answer for providing continuous and intelligent supervision for the new man in the field. When he has completed this several months of training, he will be fairly well established as a producing agent and will possess good work habits and selling skills.

Our next move was to integrate this program with our own materials. We established a 6-step procedure to be followed by our general agents for all future agency appointments, training and supervision. We prepared a memorandum to serve as an outline, giving our reasons for adopting the program, the steps to be followed, the materials to be used and the cost (if any) of each item.

This memorandum was introduced at a convention meeting, where the agent development program was placed on display. We endeavored to create as much enthusiasm for the idea as possible, and our home office people who were attending the meeting were asked to discuss the matter with each of our general agents individually. We were pleasantly surprised at the fine reaction we received; in fact, most of our general

(CONTINUED ON PAGE 16)

Pru Economists See Boom Going Still Higher Next Year

Increased spending by business, government and consumers will carry the nation's economy to another record high in 1957, according to a comprehensive economic forecast prepared by Prudential.

The report envisions that next year's gross national product—the value of all goods and services produced in the United States—will exceed $430 billion. This is nearly $20 billion above the estimated GNP for 1956.

But "serious danger of further inflation mars the otherwise optimistic business picture," says the report. It cautions that the boom could actually prove "the prelude to a business reversal" if proper credit restraints are not employed.

The forecast is prepared annually by Gordon W. McKinley and his staff of Prudential economists.

They believe that in 1957:

- Private business will up its spending for plant expansion and equipment by $5 billion.
- Government spending will rise by $4½ billion, with the federal government accounting for $1½ billion of the increase and state and local governments $3 billion.
- Consumer expenditures are likely to increase by $10 billion.
- New housing starts will decrease slightly, totaling about 1,050,000 for the year compared with 1,100,000 for 1956.

The economists note that "despite full employment and high incomes, consumer spending has not risen in 1956 at nearly so rapid a rate as in 1955." That year the public upped its spending by $18 billion. This year the increase was only $11 billion.

"Consumers appear to be in a quite conservative mood—disposed more to recover from the indebtedness incurred in 1955 than to embark on a new spending spree."

• • •

But the Prudential economists say that while the predicted rise in the public's spending during 1957 may properly be described as a "restrained" increase, they conclude:

"It is obvious that a $10 billion increase in spending from this segment, coupled with heavy spending elsewhere in the economy, will provide powerful ammunition both for increase in output and increases in prices."

Small Insurers Group for Keeping Present Company Tax Statute

ATLANTA—National Assn. of Life Companies regards the present federal income tax act for life companies as "adequate as a revenue producer" and finds the present formula "simple and fair." NALC's executive committee, in approving the recommendations of the taxation committee of the association, urged that the present law "be made permanent or, if the committees of Congress or the Treasury feel that additional experience would be desirable, the present measure be extended for a period not less than three years, with would give adequate time in which to prove its merits as a revenue producer and its equitable characteristics."

• • •

"The present federal income tax act, although it raised the taxes of the industry substantially, is in many respects the best and fairest that we have ever had. It is not subject to the same accidents that plagued previous formulas. There will never be an occasion when it will fail to produce substantial revenue and the yield will go up and down as earnings of the industry rise and decline in response to investment trends," Pierce P. Brooks, NALC president said.

"The increase in taxes has not been unduly burdensome and is a small price to pay for a tax bill that has promise for some degree of permanence. Rates of taxes may change with changing needs for revenue, but the basic regulations and the basic tax formula ought to be permanent for the industry to be able to look some years ahead. Unless some serious difficulties not now detectable develop in the law after a few years experience with it, the present law gives the industry its best chance for a wholesome, equitable measure and the Treasury its best guarantee of a fair and productive tax system."

Officers of Seattle Life Managers

The 1956-57 officers of Seattle Life Managers Assn. are Renaldo A. Baggott, National Life of Vermont, president; Lewis C. Yount, Prudential, vice-president; Gordon E. Crosby Jr., New England Life, secretary-treasurer, and Paul R. Green, Aetna Life, GAMC representative.

Sturdivant Life has been chartered in North Carolina to sell all kinds of life and A&S policies. It's home office is in North Wilkesboro, N. C. It has $400,000 paid in capital and surplus. W. K. Sturdivant is president.

31 in American College's Trial Class in Sales Management

Thirty-one life insurance management men in greater Boston are currently attending an experimental class in agency sales management under the direction of W. Eugene Hays, general agent for New England Life, as part of a schedule of exploring management education methods being conducted by American College in connection with the expansion of its management education program.

Managers and general agents and their assistants, as well as some home office agency executives, comprise the Boston group and represent 15 companies. The class, which will continue through the current academic year, is run on a conference basis to permit free discussion of ideas growing out of text assignment and personal experience.

Mr. Hays is a trustee of American College and is chairman of the management education committee of 12 who are making a study of the industry's needs for management education preparatory to revising the college's program.

Students of the class in Boston expect to take one of the college's examinations in life insurance agency management next June. The examination will cover sales management, office management and market research subjects.

Principles of sales management as taught on a college level are being studied by the students who are encouraged to apply these principles to their own problems. The class is required to complete certain project assignments which call for analyzing their own organizational structure, appraising their recruiting policies, and applying their classroom knowledge to actual operations.

Students feel they are obtaining a much broader picture of their positions in management as well as learning to evaluate their own procedures in the light of accepted principles, according to Thomas Luck, director of management education of American College, who is working with Mr. Hays and the committee in the development of the class work.

Among other activities of the class is the analysis of reports of the latest management thinking in other industries to see how they can be applied in life insurance agency management operations.

Four End 20 Years in Protective Life's App-a-Week Organization

Four general agents of Protective Life of Alabama have completed 20 years in the company's App-a-Week club, submitting at least one application for life insurance during each week for 20 years. They are Earl P. Andrews of Montgomery, Herbert J. Baum of Birmingham, Robert W. Bishop of Guntersville, Ala., and Frank Swearingen of Pine Hill, Ala.

Akron Assn. Has Speakers Bureau

Akron Assn. of Life Underwriters has established a 26-man speakers bureau. Speakers will be available for appearances before local groups. Their names and 79 topics are listed in a brochure which will be given without cost to any group.

Pru to Build Louisville Office

Prudential has bought the property at Louisville and plans to build a new office there to house its general agencies operation in that city. The property, costing $46,000 is on Fourth avenue, just north of Kentucky street. The new building will be a three-story, air-conditioned, brick structure.

Indianapolis, Indiana Agents and GAs Assns. Name Johnson Secretary

G. Weldon Johnson has been appointed executive secretary of Indianapolis and Indiana Assns. of Life Underwriters and of Indianapolis General Agents & Managers Assn. He succeeds Donald A. Baker, who resigned to become executive director of General Agents & Managers Conference, Washington.

Mr. Johnson, whose office will be at 1111 Circle Tower building in Indianapolis, will be graduated in January from Indiana university law school. His father is Grant O. Q. Johnson, manager of city agencies department of Indianapolis Life and past president of Indianapolis General Agents & Managers Assn.

National Industrial of Goodland, Kan., has been sold by Eugene Zuxpann, Goodland attorney and majority stockholder, to a group of Denver business men led by Robert C. Avrett Jr., manager of National Bankers Life in Denver, who have changed its name to Liberty Life & Casualty.

EDITORIAL COMMENT

Savers Need Encouraging

High-powered merchandisers of goods and services have subtly created the impression that the fellow who saves his money, instead of buying everything his credit can be stretched to cover, is a dog for failing to do his part in keeping the economy in a brisk and dynamic condition.

So the guy with character enough to buy a decent amount of life insurance is likely to have a sneaking feeling that sure, he's looking out for himself and his family but it's probably a good thing for the country there aren't too many like him or trade would stagnate and pretty soon a great depression would be upon us.

Actually, the saver is a lot more commendable that the all-out spender, not just because he takes thought for the morrow but because he is adding, by his savings, to the country's productive facilities in the only way that is not inflationary. It's the fellow who spends his last dollar and puts himself in hock to the future who is aggravating our inflation troubles by bidding up the prices through increased demand.

The current issue of the *Guaranty Survey*, published by Guaranty Trust Co. of New York, has some heartening comments on what seems to be a better attitude toward the thrifty man. Here they are:

"Twenty years ago, when the United States, along with most other countries, was in the grip of the great depression, the theory of secular stagnation was born. The economy, we were told, had reached a state of maturity. The great divide between scarcity and abundance had been passed. The economic frontier had been reached. Never again would the industrially advanced countries experience the spontaneous, dynamic growth and expansion that had taken place in the past. A chronic condition of depression and mass unemployment was inevitable unless governments intervened with their taxing, spending, and regulatory powers and generated enough demand to keep productive resources fully employed. So ran the theory.

"Now, with a world-wide business boom under way, little is heard of secular stagnation. The demand for more consumer goods and services and for more of the means of producing them has seldom been stronger. The economic frontier looks farther away than ever. Governments are no longer concerned with the problem of stimulating demand in order to increase employment. Instead, they are wondering how to restrain demand in order to prevent inflation.

"Among other effects, this reversal of conditions is bringing a change of attitude toward saving. The theory of secular stagnation held that, in a situation of full employment, people would try to save too much; that is, they would try to save more than could be profitably invested in new productive equipment. Hence, part of the income generated by production would be spent neither for consumption nor for investment, so that demand would fall short of output, and employment would be reduced.

"As long as such ideas prevailed, and as long as current conditions could be interpreted as giving those ideas some support, there was a tendency to regard saving as bad citizenship. The age-long respect for thrift as a personal virtue was called into question. Low interest rates were made an object of governmental policy, partly because it was believed that they would discourage saving and stimulate business investment. Tax rates on individual income in the higher brackets were raised sharply, in some cases to almost confiscatory levels, in the belief that thereby income would be taken from those who would otherwise save it and transferred to those who would spend it. The federal government set a shining example in the antithrift campaign by spending some $20 billion more than it received during the decade of the 1930s.

"The over-saving or under-investment theory, even in its heyday, never had much statistical support and never was unanimously accepted by economists or others. Yet, at a time when demand was weak and mass unemployment was an urgent problem the theory had enough plausibility to be eagerly seized upon by harassed governments and made a basis of public policy. In the light of today's conditions, its validity seems more questionable than ever. More saving, not less, is needed. Thrift has become respectable again....

"Almost all current evidence points to the conclusion that the defeatist, depression-born theory of secular stagnation belongs in the realm of exploded fallacies. Barring setbacks from extraneous causes, and with allowance for the corrective readjustments that free societies require from time to time, the economy appears to be facing a period of growth and expansion as spontaneous and dynamic as any that occurred in the past—a period in which saving on a large scale will be as indispensable to economic progress as it ever was."

PERSONALS

Franklin M. Lazarus, a general broker with Kuffel, Eggert & Co. of Chicago, has been elected to the board of governors of Northwestern university law school, from which he will be graduated in January.

Mrs. Hope Taylor of the home office has won Security Mutual Life's contest for naming the new group plan policy for business firms employing 10-24 persons. The winning name was "Security Protector."

Brady M. Minnis, assistant superintendent of agencies in charge of Indiana development for American United Life, was awarded the Legion of Honor of Order of De Molay at a recent convocation of the International Supreme Council of the order in Kansas City. The Legion of Honor degree is the highest recognition conferred by the order.

DEATHS

GROVER C. HUBBELL, vice-president of Equitable Life of Iowa and a member of the wealthiest family in Iowa history, died Sunday at his home at Des Moines at the age of 73. Mr. Hubbell was the son of the late Frederick M. Hubbell, pioneer business man and financier in Des Moines and in Iowa and one of the founders of Equitable. In addition to his activities in connection with the insurance company, Grover Hubbell was one of three trustees of the Frederick M. Hubbell estate, which included about 80% of the stock of Equitable. He also was treasurer of the Hubbell Realty Co. and an officer in numerous other Des Moines and Iowa enterprises.

HARRY GINSBURG, former assistant manager of the White agency of Prudential at Los Angeles, died following a heart attack on his way to the office. He was 70 years old and had been with Prudential for 31 years. He retired in 1952 but continued to work part time.

GEORGE R. DAVIES, 65, manager of the claims adjustment and casualty department of Columbus Mutual Life, died of a heart attack, suffered while in the Athens-Messenger building at Athens, O. He had been with Columbus Mutual for more than 30 years.

CLIVE T. JAFFRAY, 91, a director of Northwestern National Life, died in Minneapolis.

Life Industry Sells Self Too Cheap Says Sales Director

The question of whether it wasn't high time life insurance was presented in its luxury aspect instead of as subsistence, bread, clothing and shelter was asked by A. Mason McNeill, merchandising director, at the Los Conquistadores conventions of Occidental Life of California.

Speaking on "Facts, Figures and Feelings," Mr. McNeill reported that installment buying is at an all-time high. People want the good things of life and are not only willing to pay for them, but are willing to go in hock to get them. Scared people don't go into hock, he said, so there must be millions of buyers who aren't afraid of tomorrow.

Automobile manufacturers aren't selling their products as basic transportation, but as a luxury while the insurance industry is still selling basic needs, Mr. McNeill remarked. He said if all summer vacations in Europe were paid for before being taken, the "Champs Elysees would be as deserted as the home office at 4:35."

"Why is it, when all about us the economy is booming, we in the insurance industry are cutting out a smaller and smaller proportion of the total national income? Why is it, when other products are adding extras and raising costs, we in the insurance industry are engaged in a vicious rate war? Why is it that chrome and car radios and color TV's crowd us further down in the consumer's budget?" he asked.

Mr. McNeill said the reason wasn't the product nor the price, since, he opined, life insurance has never been better designed, better understood or better used, and dollar for dollar it is one of the best buys on the market.

"What is our weakness that we must sell price, we must stress cost and cheapness? Why do we close out for $15,000 when $50,000 is required?" he asked.

He answered his question, saying that the agent had let down by taking the easy way—the cost way—of selling. He laid the blame squarely on the feet of the industry. "We have lost some of the vigor that made insurance men the greatest salesmen in the world. We have taken our confidence out of ourselves and placed it in our ratebooks."

Mr. McNeill said the decision what to do about it is one which "every man who calls himself a salesman" must make for himself. "The figures show that our opportunity is greater than it has ever been. The only thing that needs definition now is how we, as the men who have the most to win, and the most to lose, feel about it."

M. Cullum Thompson has been elected secretary of United Fidelity Life of Dallas.

The NATIONAL UNDERWRITER
—Life Insurance Edition
EDITORIAL OFFICE:
99 John St., New York 38, N. Y.
Executive Editor: Robert B. Mitchell.
Assistant Editors: John B. Lawrence, Jr. and Walter C. Crocco.

CHICAGO EDITORIAL OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Associate Editor: John C. Burridge.
Assistant Editors: Richard J. Donahue and Richard G. Ebel.
Copy Editor: Foster P. Stockwell.

ADVERTISING OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Telephone Wabash 2-2704.
Advertising Manager: Raymond J. O'Brien.
SUBSCRIPTION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

OFFICERS:
Howard J. Burridge, President.
Louis H. Martin, Vice-President.
Joseph H. Head, Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. R. J. Wieghaus, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street. Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Roy Rosenquist, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. A. J. Edwards, Manager for Indiana and Michigan.

KANSAS CITY 6, MO.—950 Dierks Bldg., Tel. Baltimore 1-2244. William J. Gessing, Resident Manager.
MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.
NEW YORK 38, N. Y.—99 John Street, Room 2420, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.
NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

Review NAIC Committee Activities in Life and A & S Fields at Miami Beach

Actions of committees of National Assn. of Insurance Commissioners at the midwinter meeting last week at Miami Beach are reviewed below, together with reports on some of the discussions. The life committee activity is reported on page 1.

ACCIDENT & HEALTH

The report of the accident and health committee, whose subcommittees were among the busiest at Miami Beach, was one that was greeted with pleasure by the industry people. It called for adoption of reserves for guaranteed renewable A&S policies as suggested by Task Force 4; adopted changes in the rules governing A&S advertising which had been urged by the mail order companies and by agents and brokers; put off until next June the subcommittee report suggesting the New Jersey rules on house confinement provisions be adopted in all states, one of the most controversial topics of the meeting, and set up a subcommittee to attempt to adopt a definition of non-cancellable A&S and guaranteed renewable A&S. The subcommittee on A&S claim settlements was continued on a stand-by basis, and the subcommittee on the problems incident to cancellation of A&S policies will proceed with a survey on this subject.

• • •

The subcommittee to determine a definition for non-can will also try to define guaranteed renewable coverages with adjustable premiums. The NAIC subcommittee will work with an appropriate committee of Health Insurance Assn.

The task force report on guaranteed renewable reserves recommends that NAIC adopt advisory uniform regulations, including:

For benefits with respect to which suitable experience data are available, specific minimum reserve standards to be stipulated;

For other benefits, the requirement should be made that each insurer determine and maintain reserves which place a sound value on policy liabilities. As reliable experience statistics are accumulated for such benefits, the regulations should be amended to incorporated specific minimum standards.

These provisions would apply to individual policies for which renewability is guaranteed and a company's right to refuse renewal is limited, and those on which basic annual benefit costs increase generally with advancing age.

• • •

The committee agenda was the longest of any at the Miami Beach meeting, being comprised of seven items. Only three, however, brought forth much discussion, although an additional one, that on the changes in advertising rules, was of considerable importance and interest.

The report receiving 100% industry opposition was that on house confinement provisions of A&S policies. Just as soon as Beery of Colorado finished reading the subcommittee recommendation that the New Jersey rules be adopted by all the states, Robert Neal of Health Insurance Assn. read a statement pointing out that the subcommittee held its first and only meeting Dec. 3, and that while the New Jersey department sent out copies of its rules six weeks ago, they went only to commissioners and to companies licensed in New Jersey. There has not been nearly enough time allowed for insurers or trade associations to study the rules, he declared.

The New Jersey rules impose a limitation on freedom of contract, Mr. Neal added. He suggested they be given a thorough tryout in New Jersey, where they become effective Jan. 1, so that they can be evaluated. Adoption of them now by all states would be premature. Companies not licensed in New Jersey haven't even seen the rules or had a chance to comment on them. He said the rules should be sent back to the subcommittee for further study.

• • •

James L. Brown of Lincoln, counsel for Insurance Federation of Nebraska, commented that the smaller companies in his state are not licensed in New Jersey, are not posted on New Jersey thinking, and are not prepared to evaluate the proposal, although it would apparently have a significant effect on their operations.

Commissioner Howell of New Jersey admitted it is probably true that only the New Jersey licensed companies have received copies of the rules, but they were sent to trade associations and their members are probably informed. The house confinement problem, Mr. Howell said, is a sore spot in the A&S business and is a point of vulnerability. The proposed rules, he maintained, are moderate and constitute a practical start in meeting the problem. He suggested the rules be adopted nationally and the companies live with them for a time. If changes need be made, they can be when imperfections are found.

Stanley P. Hutchison of Washington National, speaking on the industrial A&S aspects, said there are three companies writing this type of business in New Jersey, and all industrial policies carry the house confinement provision since they cover both male and female risks, including housewives. The rules would remove traditional safeguards in this line, he said, because there is no distinction made between industrial and commercial business. He recommended further study, remarking that the Washington National actuaries are having a good deal of trouble working out a premium rate for industrial under the New Jersey proposal.

Mr. Beery said the companies have not had much of a chance to be heard on this subject, but the industry people have indicated a willingness to work with the subcommittee on the problem. He was in the middle of a sentence about delaying the report, when he was told that was a matter for executive session.

• • •

The matter of NAIC adopting a definition of non-can A&S which has been a sore point with some of the older non-can insurers ever since the advertising rules were promulgated, was urged once more at the Miami Beach meeting, but this time there were no opponents. Jarvis Farley of Massachusetts Indemnity & Life, pointed out that the question is not whether guaranteed renewable with adjustable premium policies should be issued, but whether this type of policy

(CONTINUED ON PAGE 18)

Why Equitable Uses LIAMA Development Program

(CONTINUED FROM PAGE 10)

pleted 12 such segment training conferences, the objectives of which have been twofold: (1) to have every agency manager and his unit managers develop in detail and in writing an agency induction training program; (2) develop a training timetable for the agency.

The program has been outstandingly successful, judging from the enthusiasm of the managers and unit managers who have been exposed to the segment on training conferences. Now the demand from the managerial staff is far gereater than can be met by home office trainers for some time to come; it has probably proved so successful because the responsibility is put squarely back into the hands of these sales managers of the company whose responsibility it is to train new men on the job.

• • •

We had given but a few of these "segments on training" when this excellent new agent development program of LIAMA was announced. We ordered sets immediately and have carried them with us through every one of the later segment training conferences. In spite of our relatively complex training program generally in the company and the new agents induction training program to be formulated by agency and unit managers at such conferences, the value of this new LIAMA program has been recognized and put to work. We believe that it can be made a very important part of almost any company's training program.

LIAMA Development Plan Answer to Company Prayer

(CONTINUED FROM PAGE 11)

agents were eager to follow the procedure as outlined to them.

We have conducted a follow-up with these men at every opportunity, continuing to sell the merits behind the program and the advantages to them individually and to the men they may employ later, with their personal success as the principal inducement. Also our superintendent of agents, who is in close personal contact with most of our general agents, is constantly emphasizing the importance of following all the recommended procedures.

We adopted the agent development program as standard procedure for all future general agents to follow. In doing so, we discovered several advantages which we did not have heretofore:

• Hiring new general agents is easier because we now have a plan for them to follow, which should lead to success if they are qualified for the job at all. We can launch these general agents on their new careers with greater confidence that they will live up to our expectations if they follow the course laid out for them.

• The general agents in turn find it easier to sell the career to new men because it furnishes a strong answer to the question, "How are you going to teach me life insurance selling?"

• It is certain to help reduce turnover and increase the effectiveness of all concerned.

• It should also in time, as our general agents become more proficient in their jobs, provide a broader spread of our supervisory effort from the home office.

• We are also experiencing an improvement in the quality of our manpower, as well as the business they write.

Our over-all planning is toward training our trainers, in this case, our general agents; therefore, to further implement the agent development program we expect to send as many men as we can to the ordinary school for managers at Mineral Wells, Tex., next spring. In addition to this, we have enrolled approximately 25 personal producers for the SMU Institute of Insurance Marketing. Training, as we all know, is a continuous process and it will be the responsibility of our home office to follow up all of our men closely. We must encourage them in every way possible to stay upon the course we have set, for their success as well as the company's will depend upon their cooperation.

• • •

Even though our agent development program has been in operation for only a few months, we are already able to see beneficial results and as our general agents and agents become better acquainted with the procedures, we are sure to be pleased. We expect to more than double our production!

Southland Life Holds School for New Agents

Ten Southland Life agents from New Mexico, Oklahoma and Texas attended a week-long "new man's school" at the home office.

Their studies included a review of life insurance history, analysis of company contracts and terms, sales methods, motivation, prospecting and work habits, and talks by home office staff members.

Herman Ford, assistant vice-president and director of sales training, was in charge, aided by K. Hoffman Reese, training assistant, and Truman Harper of the agency department.

A series of four schools is offered agents over a 15-month period. This school was the first in the series. Between schools, agents complete specified study courses in an on-the-job manner.

Actuary Sought in D. C.

District of Columbia department is seeking an actuary to fill a recent vacancy on the staff. The position pays $10,320 a year.

N.Y. Supervisors Party Dec. 13

NEW YORK—The annual Christmas party New York City Life Supervisors' Assn. was held at the Drug & Chemical Club Dec. 13. J. P. LoTruglio, Union Mutual Life, was chairman of the entertainment committee.

Connecticut General Life has moved its Philadelphia branch to the 29th and 30th floors of the Philadelphia Saving Fund Society building from the Philadelphia National Bank building.

Northwestern Mutual Signs Lease-Purchase of IBM Electronic Brain

The first lease-purchase contract for IBM electronic equipment has been signed by Northwestern Mutual Life for a 705 electronic data processing machine, IBM's biggest commercial "electronic brain." Prior to this, IBM electronic equipment has never been available on other than a rental basis.

The company will lease the equipment and have the option to purchase it within two years after delivery. Annual rental for one-shift use will be approximately $400,000, part of which can be applied toward the purchase price of $1.7 million. When delivery is made in February, 1958, Northwestern Mutual will have the second 705 installation among all industries and the first among insurance companies in Wisconsin.

• • •

"Use of the 705 will be a big step forward in our general work simplification program. This new equipment will enable us to provide even better and faster service for our policyholders; at the same time, it will enable us to obtain more information needed for home office operations and for our general agents," Edmund Fitzgerald, president, said.

"Although the machine is capable of doing the work of 300 people, none of our present staff will be displaced and many employes will be assigned more interesting and higher level work," he said. "Changeover from the old system to the new will involve a period of several years. The adjustment of personnel will come through non-replacement of those leaving the company and through absorption of employes into other areas of our expanding operations."

The 705 will be used for a large portion of the company's more routine operations, such as premium billing and accounting, agent commission calculation and accounting, reserve valuation, policy indebtedness, changes and terminations of policies.

• • •

Under the new system, 66 reels of magnetic tape will be prepared. An average of 200 characters (alphabetical or numerical) for each of the company's 1.6 million life policies—or a total of 320 million characters—will be recorded on the tape, to be fed into the 705 and completely rewritten once each day. Components of Northwestern Mutual's 705 will include: a central processing unit with a 20,000-character magnetic core memory, 11 tape units, two tape record coordinators, a control and storage unit, card reader, card punch, and a 500-line-per-minute printer.

Review NAIC Committee Activities

(CONTINUED FROM PAGE 15)

should be termed non-cancellable. According to the strict non-can companies, the coverage allows the insured to keep the policy in force, without change in premium or benefits, for his working lifetime. If the insurer reserves the right to change its mind in any respect, Mr. Farley said, the coverage should not be called non-can.

Many commissioners agree with this argument, Mr. Farley added, saying what he would like NAIC to do is formalize the proposition.

Alfred J. Bohlinger, New York attorney and former New York superintendent, spoke for Massachusetts Protective and Paul Revere Life, seconding Mr. Farley's position and adding that the NAIC advertising rules do not solve the question, since the matter of a definition goes beyond advertising. Adopting a definition would be helpful to those commissioners who want guidance from NAIC, he said, and it would clarify the reporting of non-can in a question now troubling the blanks committee. No one has yet come to grips with the question of a definition, Mr. Bohlinger observed, and it is the responsibility of NAIC to do so. He recommended appointment of a subcommittee to work with industry representatives on the matter. Mr. Bohlinger said his remarks were endorsed by Provident Life & Accident, Loyal Protective Life and United Life & Accident.

M. H. Levita of Maryland injected the caution that the subject is not well understood by legislators. An attempt was made to draft a definition in Maryland, but the legislators felt there was no such thing as non-can A&S, since it terminates at advanced ages, and they insisted on calling it "non-can to age 65" or other appropriate age.

Support for Messrs. Farley and Bohlinger was offered briefly by John Miller of Monarch Life and Alfred Perkins of Union Mutual Life

The surprise of the committee meeting was the opposition of Pat Rooney of Golden Rule Life of Chicago to the report of the subcommittee on reserves for guaranteed renewable A&H policies which endorsed the Task Force 4 recommendations on setting up new requirements for reserves on guaranteed renewable with adjustable premium policies.

Mr. Rooney, who said he was attending his first NAIC meeting, caught everybody off guard. The task force report had been sailing along for 18 months, and was expected to go through the A&H committee with flags flying and congratulations to the skipper and crew. Mr. Rooney, however, said the report calls for the same reserves on adjustable premium policies as for regular non-can, and although he had been told the plan was to try to make rate changes unnecessary, "that is only a matter of prudence."

The logic of the report, if carried all the way through, should require the same sort of reserves for commercial policies until the company decides not to renew, he said, but nobody is advocating that. Also, the plan could invite abuses, if the insurers, after accumulating large reserves, should take steps to cause policies to lapse in order to take down the reserves. To counteract this possibility, he suggested there should be included a provision for cash values.

• • •

He pointed out the report calls for retroactive reserves on business written since Jan. 1, 1955, and this could amount to enough money in deficiency reserves in some cases as to cause insolvency to some companies. He went on to say the report, if adopted, could bring an end to pioneering in the non-can field, that it doesn't represent the industry as a whole, and that he doesn't agree with the morbidity tables used. He asked that the matter be continued for further study, and if it ever is adopted that it be without the retroactive reserve features.

The impromptu rebuttal to Mr. Rooney was offered by John Miller of Monarch Life, chairman of Task Force 4, who explained the all-industry composition of the group which prepared the report, and noted that interim reports have been made at six month intervals since June, 1955, without a dissent until now.

Unless a company is counting on increasing its premiums, it should have no objection to setting up reserves on adjustable premium policies, Mr. Miller declared. No such reserves are needed on commercial policies (although some companies set them up), because there is no guarantee by the company that there will be no change of premium or no imposition of a rider or other benefit change. He said if a company considers inducing a policy to lapse in order to take down reserves, or is even suspect of such thoughts, it shouldn't be in the business at all.

Mr. Miller explained that the insur-

(CONTINUED ON PAGE 20)

Says New LIAMA Plan Must Be Personally Sold to Managers

Gulf Life made a careful study of the LIAMA agent development plan to determine its advantages and also its limitations. It concluded that though it would not do the whole job of training it would be a useful tool in the hands of a resourceful manager and an ambitious agent. Here is an abridged version of what Agency Vice-president W. J. Hamrick said about the company's experience with the plan, in his talk during a discussion on management development at the recent LIAMA annual meeting at Chicago:

The agent development program is not a plan which can be introduced to the field organization "by mail." For this reason the program, we feel, must be sold *individually* to each manager and, in turn, the manager must show it enthusiastically and sell it thoroughly to his men.

The program is not a compulsory one with us. It does not need to be a compulsory program. It is complete enough and useful enough to sell itself on its own merits.

The plan will only work when the manager has accepted it as a valuable and practical addition to his own training and supervisory program.

It follows, also, that it will only be helpful to an agent who is willing to be helped and who is willing to pay the price of success by studying the text and completing the necessary projects.

Let me be honest and say to you that I doubt that all of our managers will ever accept the plan; and I know in advance that some of our agents will not be willing to pay the price of success by doing the necessary studying and will not be thorough in completing the field projects.

As a matter of fact, we have never found a training program, or even a sales idea that would appeal to all of our men at one time.

From experience we have learned that if even one-half of a sales organization will adopt a good idea at the same time it can be classed as a success. In this instance we think that our batting average will be better than 50%.

The way we propose to use the plan it will not be a costly experiment because we furnish, of course, only one *Trainer's Guide* for each manager and we propose to re-use the same texts and work books with future agents.

We have recently discovered a new benefit, which I must add to this list: Adopting this program has inspired our company at the home office level to develop some additional new supplementary material in an effort to match the work programs of the plan.

One of the finest features of this entire plan is that it works so admirably with the present training program of each individual company. We are sold on the agent development program and know it will help us to develop more and better agents out of whom otherwise might be marginal producers.

40 Companies to Aid Agents in A&S Course

A total of 40 life companies will cooperate financially with their field men enrolling in the 12-week A&S course of Life Underwriting Training Council which begins in February. The companies will be officially listed in the A&S administration manual as charter LUTC A&S scholarship companies.

The companies are using either of two plans to subsidize their field men: The home office will refund half of the tuition fee to every student completing the course; or the home office will advance all or part of the fee prior to the date of enrollment. Currently there are 251 companies offering scholarships to field men enrolling in either part of the life course.

North Central Life has bought Minnesota Federal Savings & Loan Assn. building, St. Paul, as its home office.

Review NAIC Committee Activities

(CONTINUED FROM PAGE 18)

ers have been on notice for 18 months that a retroactive reserve was to be called for. If there is trouble in setting up deficiency reserves, the insurer can adjust the premium. The morbidity tables, Mr. Miller added, represent all the reports available.

Mr. Knowlton asked Mr. Miller if, as was said, the deficiency reserve requirements could make a small company insolvent, is there any means of making solvent a company technically insolvent. Mr. Miller said he knows of no possibility of a company going insolvent as a result of the report's requirements, especially since there is open the escape of raising the premiums. He noted the possibility of the need for a deficiency where the premiums are adequate is "most remote."

Charles Peters of Life Insurance Assn. urged favorable action on the report as did Milton Ellis of Metropolitan Life. Charles Dubuar, chairman of the subcommittee, said his department, New York, believes it is only prudent that reserves be set aside. The reserves called for in the report are not excessive, he declared.

Davey of Indiana, reporting for the subcommittee on individual A&H claim settlements, said he found there was a feeling this group had completed its work when it reported in June of 1955. He recommended the subcommittee be discharged, but Joseph D. Thomas of California asked it be put on a stand-by basis.

INSTALLMENT LOANS

One of the liveliest committee sessions at the NAIC meeting was that on insurance covering all installment sales and loans. Credit life, both group and individual, was the main topic, although there was some mention of auto physical damage.

The committee held a preliminary meeting Saturday, Dec. 1, and its regular meeting Wednesday. The final action was to appoint a single subcommittee which will take up the entire question of relationship of finance companies to affiliated insurers, the rate structure in credit life and credit A&S, including loss ratios and other component elements, and the underwriting experience of auto physical damage to determine the feasibility of separate premium rates for finance business.

The arguments were for close and strict control of credit insurance, with a more moderate program suggested by Consumer Credit Insurance Assn. through Arthur Cade, Old Republic Life, chairman of CCIA's legislative committee. Mr. Cade represented one pole of thinking, with the opposite represented by Paul F. Boyer of the counsel for Household Finance Corp.

• • •

Mr. Cade submitted at the preliminary meeting a proposed model bill for regulating credit life and credit A&S. It included the 12 statements of principles already adopted by NAIC in its model regulations, and added two points—providing for a limit on compensation to be received by the creditors expressed in dollars and cents, and for a provision for enforcement in the same manner as under the model fair trade practices act.

The CCIA statement said the point has been reached where a model credit insurance statute can be drafted and enacted so that credit insurance can be effectively regulated and provided to the public at a reasonable cost and free of abuse. Jurisdiction over credit insurance should be entrusted to the insurance commissioners, CCIA maintained.

Mr. Boyer said the lack of any insurance interests on the part of HFC makes its observations more objective. He contended that CCIA is not representative of the entire credit life industry in that it does not include some of the larger companies which have concentrated on the group side. CCIA, he said, is composed largely of specialty companies writing individual coverage. He went on to note that Mr. Cade admitted there are abuses in the individual field, among them the failure to refund unearned premiums and failure to deliver policies, as well as over-loading and pyramiding.

• • •

Mr. Cade admitted that the $1 individual credit life rate is too high, Mr. Boyer pointed out, remarking that it is significant that CCIA has never issued any statement of policy of this effect, or that none of the members have made any substantial or widespread reduction in rates because "members of the CCIA know that a reduction in premiums means a commensurate reduction in commissions and thus a loss in finance company customers."

Noting that Mr. Cade had referred to credit life as an "additional service" offered by the lendor, Mr. Boyer said this is "a mockery" of the term, for it is not offered as true service at less than full cost, but at "three or four times its cost for the sole purpose of increasing the margin of profit

(CONTINUED ON PAGE 24)

COMPANY & AGENCY CHANGES

Life of Virginia

Raymond E. McCann has been elected 2nd vice-president, succeeding **Robert W. McWilliams,** who, at his own request, has been transferred to Portsmouth, Va., as district manager. Mr. McCann started in insurance with Life of Virginia in 1940 at Richmond, advancing to associate manager in 1946, and manager of district offices at High Point, N. C., and Roanoke.

Pan-American Life

George J. Bosse, production manager of sales promotion department since last year, has been appointed director of sales promotion. Mr. Bosse will also edit *Pan-American Review*, Pan-American's monthly magazine for field men.

New England Mutual Life

John A. Curtis has been named supervisor of employment relations at the home office. He will direct New England Mutual Life's employment program in schools and universities. A former director of admissions at Bates college, he has been personnel director of Berkshire Life since 1951.

State Life of Indiana

George H. Kistler, claims department counsel with State Life has been named director of public relations for the company.

He entered insurance in 1923 and first went with State Life in 1927. During World War II Mr. Kistler served as a government attorney and had 12 years of private practice before returning to State Life as claims department counsel.

Occidental of California

Six officers have been promoted and three new officers have been elected. **L. F. Slezak,** assistant actuary, and **T. W. Simons,** assistant controller, have been promoted to assistant vice-presidents. **E. V. Hoff,** assistant controller, was elected to the new office of associate treasurer. Assistant vice-president **E. S. Jensen** was given the added office of assistant secretary. **Harold E. Crandall** and **Frank J. Onstine,** assistant actuaries, were promoted to associate actuaries.

New company officers of Occidental are **Ira L. Browning, Kermit Robinson** and **John R. Pullman,** all elected to the office of assistant secretary.

Baltimore Life

Joseph M. White Jr., director of training since 1952, has been appointed director of general agencies. Mr. White started with Baltimore Life in 1914.

Mutual of New York

George F. Brown has joined the sales department staff as assistant director of management training. He will assist **Howard E. Barnhill,** Mutual's director of management training.

John Hancock

William J. Fleming has been appointed manager of a new district agency at Santa Ana, Cal. **Donald C. Gras** and **Raymond A. D'Andrea** have been named assistants. **Albert W. Hendricks** has been promoted to west coast regional training supervisor.

Mr. Fleming has been with John Hancock for more than 16 years in the Oakland area as agent, assistant district manager and west coast regional supervisor. Mr. Gras was assistant district manager at Long Beach. Mr. D'Andrea was an agent in Los Angeles. Mr. Hendricks joined the company in 1950 and became assistant district manager at Oakland in 1953.

State Mutual Life

Edmund F. Carey, 65, general agent in Providence has retired with the title of general agent emeritus. He had managed the agency for 28 years. He started in life insurance in 1916 and 12 years later joined State Mutual as general agent in Providence. He specialized in business insurance.

Equitable Society

John C. Benson has been appointed divisional group manager at Cincinnati, and **I. Jarrett Morgan** has been named to the same post at Dallas.

Mr. Benson joined Equitable Society in 1946 as a service supervisor trainee in the New York office. He became service supervisor in Dallas in 1947 and divisional manager in 1952. Mr. Morgan started with the company as a service supervisor at Kansas City in 1948. He became assistant group divisional manager there in 1951 and transferred in the same capacity to Oklahoma City in 1952.

Caleb L. York, manager at Toledo since 1940, and with Equitable since joining it in 1924 at Indianapolis, has retired for reasons of health but continues as associate manager. He is a former president of Toledo Life Underwriters Assn. **Talton R. Clark** succeeds him. Mr. Clark joined Equitable in 1944 Peoria and has been manager at Beaumont since 1952.

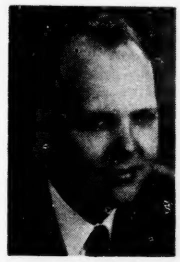
The Houston agency, managed by **Claude A. Cook,** has been given additional territory. Besides the Houston region it will include the east Texas area formerly under Mr. Clark's managership, including Beaumont, Galveston, Port Arthur, Tyler, Lufkin, Henderson and Palestine.

C. Lee Moore Jr., cashier at Richmond for 34 years, will retire Jan. 1. **Charles S. Harvell,** assistant cashier since 1952, will succeed him. Mr. Moore joined Equitable in 1912. Mr. Harvell joined the company in 1938 at Wilmington, Del., advancing to cashier at Charleston in 1948.

U. S. Life

Arthur D. Mann has been appointed general agent at Hamden, Conn. Before joining U.S. Life, Mr. Mann was an agent and district manager for Connecticut General Life. He has served as a director of Hartford Life Underwriters Assn.

Shenandoah Life



Joseph Richter Jr.

Joseph Richter Jr., formerly agency vice-president of Florida Sun Life, has been appointed manager for Shenandoah Life at Philadelphia. He had been with Connecticut Mutual Life for six years and is a CLU.

Prudential

Burton Sussman has been appointed division manager of the Loventhal agency in Chicago. Mr. Sussman was a former agency assistant in the company's Newark (N.J.) home office. He joined Prudential as a special agent in the Trenton (N.J.) agency in 1953.

Gilbert S. Bruce, formerly training consultant at the Los Angeles regional home office of Prudential, has been named manager for the company at Salt Lake City. He started with Prudential in 1950 at Oakland, Cal. and was named division manager there in 1952 and he went to the Los Angeles office as a training consultant in 1954.

Howard M. Miller, district manager at Jamaica, N.Y. for two years, has been appointed district manager at Yonkers, N.Y., succeeding **Charles J. Hayde,** now associate director of metropolitan region district agencies. Mr. Miller joined Prudential in 1930 at New York. He is a past president of Bronx branch of New York City Life Underwriters Assn.

Bankers National

The **Wendell Berman general insurance agency** and **Sam F. Minkowitz** have been appointed general agents at Boston and at Roselle, respectively.

The Berman agency has branches in south Boston and Lawrence, Mass., and Portland, Me., and Manchester, N.H. Mr. Berman entered insurance in 1928 with Home (fire) of New York and is chairman of Pioneer Mutual of Boston.

Mr. Minkowitz has also been in the insurance business since 1928 and previously represented Washington National for life insurance. He was its leading producer for life and A&S in 1955.

Postal Life

Leland R. Boyce

Leland R. Boyce, supervisor for John Hancock at Albany, has been appointed general agent, with headquarters in the Home Savings Bank building. Mr. Boyce was with Guardian Life before joining Postal. He is president of Oneonta Life Underwriters Assn.

Jefferson National Life

William Baczuk and **Edward Boris** have been appointed general agent and district manager, respectively, of the new B&B agency in Medina, O. by Jefferson National Life. Both men were previously with Prudential for several years. The agency will serve Medina, Summit and Wayne counties.

National Fidelity Life

Merlin H. Menk has been appointed home office representative responsible for promotion of credit life sales through-out Colorado and neighboring states. His headquarters will be in Boulder. Mr. Menk entered the life business as an agent of Northwestern Mutual Life and more recently was vice-president and superintendent of agencies with Colorado Credit Life.

Aetna Life

Ross E. Gorsuch has been advanced to associate general agent, **Paul E. Drumheller** and **Arthur K. Meyers** to assistant general agents, and **Otto Grupp** to supervisor at the Philadelphia general agency of Aetna Life.

Washington National

George A. Allen has been appointed general agent at Jacksonville, Fla., with offices at 409 West Adams street.

Mr. Allen entered insurance in 1952 and joined Washington National at the beginning of this year in Macon, Ga., where he has been supervisor of the Martin agency.

Bankers Life of Nebraska

Charles H. Craft has been appointed assistant general agent in Kansas City. He will be with **Fred C. Thomsen,** general agent. Mr. Craft joined Bankers Life in 1954 as a general agent in Wichita.

New England Life

James D. Holland has been appointed district group representative at Atlanta. He had been group sales manager for Federal Mutual there before joining New England Life.

Massachusetts Mutual Life

Charles A. Smith has been appointed district group manager in Milwaukee. He joined Massachusetts Mutual in 1950 and was appointed district group representative in Milwaukee shortly after.

RECORDS

LINCOLN NATIONAL LIFE—Representatives of Lincoln National Life honored Cecil F. Cross, vice-president and director of agencies, with a record-breaking Cross Month Contest in November. Life business submitted exceeded the previous record set last year by more than $3 million. The number of group cases was up 32% over the year before and the number of A&S apps showed a 12% increase.

CAL-WESTERN LIFE—A record-shattering production of $1,565,359 for one day's business was set Nov. 30 by the field force. This was the highest single day of production in the company's 46-year history and climaxed the close of Cal-Western Life's annual fall production contest. Last month's production of $9,169,502 comprised the highest November in company history and was the second highest month ever recorded. The company's San Diego, Northern California, and Sacramento agencies, in that order, were the top three offices in the Fall Football Contest, which covers the October-November period each year.

NORTH AMERICAN ACCIDENT—October was the largest single production month on record. More than $1 million in ordinary sales were submitted on Oct. 1, topping the 1955 "million dollar day" by a heavy margin. Maginnis agency of Chicago delivered the largest total of life business ever received from an agency to win the silver cup awarded to the winner in life trophy month competition. As of October, A&S premiums were up $3 million.

GUARANTEE MUTUAL LIFE—November life sales were up 51.3%, while commercial A&S sales were up 31.2%. It was the 11th consecutive month that life and the 10th that A&S sales were greater than the same month last year. In the first 11 months, life and A&S sales were up 21.7% and 24%, respectively. Gorfaine agency at Los Angeles was leading agency in November, and Warren D. Rediger, Lincoln, Neb., was leading agent. The Knutson agency at Portland, Ore., leads for the year-to-date.

NORTH AMERICAN LIFE OF CHICAGO—Life sales in November totaled $7.5 million, up 20%, making it the largest month on record. A&S applications were up 19%. The 6-week sales campaign in honor of President Charles G. Ashbrook and efforts to qualify for the golden anniversary jubilee next September contributed to the high November production.

EQUITABLE OF IOWA—The agency force recorded the greatest November and the greatest first 11 months ever. New paid production during November was $13,080,947, an increase of 16.5% over the corresponding months last year. This brought total production for the first 11 months to $137,371,014, a gain of 7.2% over the first 11 months in 1955. As a result, life insurance in force at the end of November climbed to a new high of $1,483,923,638. The Bell agency at Seattle led all agencies throughout the country.

V.I.P. Plan Introduced by Republic National

Republic National Life is introducing a new contract, called the V.I.P. plan, which is an endowment at 90 on a participating basis. It derives its name from the slogan, "A Very Important Plan for Very Important People." The new contract is a $25,000 minimum life policy featuring low net costs, first year cash values and second year dividends.

Equity Annuity Life Intervenes in SEC Suit as a Defendant

WASHINGTON—The federal district court here has granted the motion of Equity Annuity Life to intervene as a party defendant in the pending suit of Securities & Exchange Commission against Variable Annuity Life.

Both companies were formed here as life companies with the power to sell variable annuities.

Last June the SEC started an action against Variable Annuity Life, alleging that SEC had jurisdiction on the ground that the sale of variable annuities constitutes the sale of securities. The suit also alleged that Variable Annuity Life or some of its activities constituted an investment company and as such were subject to SEC regulation.

D. C. Unit to Conduct Life Week PR Campaign

District of Columbia Life Underwriters Assn. will conduct an intensive publicity and advertising campaign during Life Insurance Week next April. Thomas Buchanan, New York Life, 2nd vice-president, is in charge of the project.

The association will sponsor an A&S course starting Feb. 11 for 12 weeks.

Convention Dates

Feb. 4-6, Health Insurance Assn. of America, group insurance forum, Drake hotel, Chicago.

Mar. 18-20, Life Insurance Agency Management Conference, Edgewater Beach hotel, Chicago.

Mar. 24-29, National Assn. of Life Underwriters, midyear, Hotel Roanoke, Roanoke.

April 11-12, Home Office Life Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs.

April 15-17, Life Insurance Agency Management Assn. A&S Meeting, Edgewater Beach hotel, Chicago.

April 29-May 1, Life Insurance Agency Management Assn. Combination Companies Conference, Hollywood Beach hotel, Hollywood, Fla.

May 6-7, Assn. of Life Insurance Counsel, spring meeting, Greenbrier hotel, White Sulphur Springs.

May 6-8, Health Insurance Assn. of America, annual, Sheaton Park hotel, Washington, D.C.

May 12-15, Life Insurance Agency Officers Round Table, Homestead hotel, Hot Springs, Va.

May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer house, Chicago.

May 22-24, Life Insurance Conference, Carolina hotel, Pinehurst, N. C.

June 5, Actuarial Club of the Pacific, semi-annual, Del Monte hotel, Pebble Beach, Cal.

June 12-15, International Assn. of A&H Underwriters, annual, Lowery hotel, St. Paul, Minn.

June 12-15, Wisconsin Assn. of A&H Underwriters, annual, St. Paul, Minn.

June 30-July 3, Million Dollar Round Table, Greenbrier hotel, White Sulphur Springs.

Aug. 12-14, International Federation of Commercial Travelers, annual, Empress hotel, Victoria, British Columbia.

Sept. 15-20, National Assn. of Life Underwriters, annual, Sheraton-Cadillac and Statler hotels, Detroit.

Sept. 16-20, General Agents & Managers Conference, annual, Detroit.

Sept. 17, American College of Life Underwriters, annual, Sheridan-Cadillac hotel, Detroit.

Sept. 18, American Society of Chartered Life Underwriters, annual, Detroit.

Sept. 23, Fraternal Actuarial Assn., annual, Statler hotel, Los Angeles.

Sept. 23-25, Life Office Management Assn., annual, Shoresom hotel Washington D. C.

Sept. 23-25, National Fraternal Congress of America, annual, Statler hotel, Los Angeles.

Oct. 23-25, Assn. of Life Insurance Medical Directors, annual, Statler hotel, New York City.

Oct. 31-Nov. 1, Actuarial Club of the Pacific, annual, Biltmore hotel, Santa Barbara, Cal.

Nov. 10-14, Life Insurance Agency Management Assn., annual, Edgewater Beach hotel, Chicago.

Dec. 6-8, California State Assn. of Life Underwriters, midyear, Rickey's Studio inn, Palo Alto.

Dec. 9-10, Assn. of Life Insurance Counsel, winter meeting, Plaza hotel, New York City.

Chicago Life Agents Ask Ill. Legislators to End 90-Day License

Leaders of Chicago Life Underwriters Assn. were luncheon hosts this week to more than 50 Illinois legislators from the Chicago area and used the opportunity to tell the lawmakers why "it would be in the public interest" if the 1957 legislature would abolish the 90-day temporary license for insurance agents. Getting rid of the temporary license is the primary 1957 legislative target of both Illinois Assn. of Life Underwriters and the Chicago association.

Earl M. Schwemm, Great-West Life, assured the legislators that the association does not intend, by its legislative aim, to restrict any person from entering or making a livelihood in the insurance business, but wants only to eliminate those who enter the business temporarily to make a "quick buck" and then get out before ever taking an examination for a permanent license. He said that the complexities of today's business requires a man to have at least smattering knowledge of life insurance before he goes out to sell policies. He explained that the completely untutored man who goes out to sell insurance can do great damage to the insurance industry and even, through his inexperience, cheat the policyholders. Out of 26 professions licensed in Illinois, Mr. Schwemm said, the insurance industry is the only one in which a man can get a temporary license. He said temporary licenses are not given to dentists, doctors, architects, nor even barbers.

• • •

John D. Moynahan, Metropolitan Life, said the professional and dedicated agent has to spend a lot of time trying to correct the errors, the faults, and shortcomings of those persons who temporarily enter the business to sell insurance without knowing the first thing about it.

Sam Hertz, Mutual Benefit Life, as chairman of the law and legislation committee of the Chicago association, presided at the meeting and pointed out to the legislators that thousands of persons in Illinois get temporary licenses each year without ever appearing for an examination for a permanent license. "Of the 8,557 agents who were granted temporary 90 day licenses in 1955," he said, "2,183 failed to appear within the 90 day period to take the examination. In 1954 the ratio was even greater, with 41% failing to appear.

"Hence, it is most likely that the public suffered to an extent in buying life insurance from those who never proved to the state their qualifications or capability. How much did they sell? What kind of insurance advice were they equipped to give? Who furnishes the service now on the policies they sold? Nobody knows!"

• • •

It was explained that the temporary license could be abolished in Illinois by simply deleting the following sentence from section 496 of the 1937 insurance code: "The director may issue a temporary agent's license for a period not exceeding 90 days pending such examination."

Some of the legislators appeared a bit puzzled as to just how a young man could get into the life insurance business if he couldn't first get started with a temporary licence. Members of the association explained to this that the examination for a permanent license was by no means difficult and that any average man, with a few days of intensive study, could equip himself to pass the examination. They also pointed out that the examination is given daily at Springfield and very frequently at Chicago, and, starting almost immediately, will also be given daily at Chicago. It also was explained that other large states, like New York, Massachusetts, and Pennsylvania, get along well without temporary licenses.

The association spokesmen told the legislators that the life companies domiciled in Illinois have been advised of the legislative aim of the association and that many of the companies "are heartily in accord with the efforts" of the association with respect to abolishing temporary licenses.

Mr. Hertz reviewed with the legislators the professional achievements of career agents, explaining that the education of a permanent agent is a continuous process. He outlined the workings and scope of LUTC and CLU courses and remarked that these courses of study go beyond the training the agent gets from his company.

The turnout of more than 50 Illinois legislators at the luncheon meeting was considered an exceptionally good response. Representatives from other segments of the insurance industry also were present at the meeting to lend support to the efforts of the life agents to get rid of temporary licensing. These included representatives from Chicago Board of Fire Underwriters, Casualty Underwriters Assn. of Chicago, Insurance Federation of Illinois, Illinois Insurance Brokers Assn., and American Life Convention.

Mutual Alliance Files Amicus Brief in American Hospital Case

The right of the Federal Trade Commission to regulate insurance advertising is challenged in a brief filed with the U.S. court of appeals at New Orleans by American Mutual Alliance. The filing was made as a "friend of the court" in the important test case of American Hospital & Life Insurance against the FTC. Other leading insurance associations are filing similar briefs.

In concluding its brief the alliance says: "The Congress has the power to permit the states to regulate interstate commerce. The states have long had power to regulate and have long regulated interstate commerce in insurance. By enacting the McCarran act, Congress has permitted the states to continue to regulate insurance in both its interstate and intrastate aspects. In accordance with that consent, state law regulates the insurance business, including advertising practices relating to the sale of accident and health insurance. Concurrent state-federal regulation of insurance is not contemplated by, or permitted under, the McCarran act. The laws of the states in which American Hospital & Life is licensed regulate advertising practices in the sale of accident and health insurance. The FTC has no jurisdiction with respect thereto."

L. A. Agents to Hold Yule Meeting

Los Angeles Life Underwriters Assn. will hold its annual Christmas fellowship meeting Dec. 18 at 8 a.m. Coffee and doughnuts will be served at the opening of the meeting. "Men of Tomorrow" will be the subject of the address that will be made by John Lindell, former member of the American League Yankees.

Review NAIC Committee Activities

(CONTINUED FROM PAGE 20)

itself." Mr. Boyer told the commissioners they have no duty to insure the profitable operation of a finance company. "Your duty is to the insurance buying public—to provide it with the best possible product at the lowest possible cost. Is the widow of the borrower who pays $1 per $100 of loan for decreasing term insurance any better off than the widow of the borrower who paid 49 cents for the same protection under a group creditor policy? I think not. The only one who is better off is the lendor who pocketed the missing 51 cents."

Mr. Boyer said there is little basis for the argument that there are higher administrative costs on individual coverage, saying he is convinced that companies selling credit life on the individual basis can make administrative costs competitive with group if "they eliminate the commission to the lendor and really set their minds to the problem of providing economical coverage. The administrative costs argument is only a convenient smoke screen to obscure the true rate of commission."

• • •

He said the approach should be through premium regulation, and the nasty implications of this method could be avoided if allowances are made for the inherent differences between real life and credit life insurance. Authentic life insurance is sold in the open market by an agent to a person who has sought the commodity, Mr. Boyer said, while credit life is sold in a captive market to a person who has bought another commodity (a loan), from a "part-time unskilled clerk or lendor whose primary consideration is his own financial well-being." These are basic differences, he contended, and they justify removing credit life from the historic rule that life premiums are not subject to administrative control. "Credit life is competition in reverse," Mr. Boyer added, since the inevitable effect of credit companies bidding for finance company patronage "with ever-increasing premiums is to increase premiums to the public."

"I urge you, therefore," Mr. Boyer went on, "to discard your historic and, I submit, outmoded ideas on premium regulation. Recognize credit life insurance for what it is—not real life insurance in any sense of the term—but a hybrid or bastard life insurance, conceived in greed and nurtured by the deceit and fraud of lendors—and provide a legislative basis for administrative premium control. Then set a fair premium rate and enforce it."

• • •

He suggested as initial maximum rates the present New York minimums for group-creditor coverage—75 cents a month per $1,000 of loan account or 49 cents for $100 of loan payable in equal monthly instalments for a one year period. This will produce sufficient premium to pay losses, carry insurer overhead, and more than adequately compensate the lendor for his administrative costs, Mr. Boyer maintained.

Household Finance has been a consistent opponent of prevailing credit life practices for a number of years, so that many of the points raised by Mr. Boyer were not new, but more and more attention has been focused on this area of insurance, making the arguments at Miami Beach more potent.

E. A. Dunbar, counsel for Beneficial Management Corp., argued that HFC stands alone in its industry in opposing the credit life charges. He warned the commissioners against having their attention riveted on the small loan aspects and losing track of the benefits of credit life. There are $20 billion in force of this coverage, he said, and the public has not risen against it.

When the lending agencies begin a credit life program in one of the states, Mr. Dunbar said, HFC gives it away because of its ideology, but they cannot afford to do this any more than the other finance companies.

Holz of New York said his department is completing a survey on credit life and other finance insurance, and one of the things it reveals is that 92.6% of all persons making time payments have not been informed of the component packages for which they are paying.

• • •

William J. Walsh, general counsel of CCIA, said the record of CCIA speaks for itself. The association has offered a proposal to NAIC, and Mr. Boyer's statement is not new.

Albert Pike of Life Insurance Assn. opposed the Boyer idea of rate regulation. If NAIC takes the rate regulatory approach, Mr. Pike said, this would involve the whole life insurance business in a problem affecting only a fraction of it. He suggested an approach by the component parts of the rate, saying that he is convinced that the plans suggested by Mr. Boyer will produce opposition from nearly every life company.

Mr. Holz asked Mr. Dunbar why 40 cents should be used as the price for commissions and services and such like, and Mr. Dunbar said it takes 37 cents for administrative expenses on small loans.

Larry Harlan of American National Life said his company writes credit life insurance in amounts up to $50,000 per individual for various banks, but such cases are underwritten and the insurer pays the expense of medical examination. The banks ask for such insurance, Mr. Harlan said, when they make large loans to individuals. His company would not get this business if there were not an agent in the bank and if the agent did not receive a commission.

Oren Pritchard, Union Central Life, Indianapolis, representing National Assn. of Life Underwriters, said he has been called in on such bank loans, but that he has not sold it at the dollar rate. At some ages, the rate just does not need to be that high, Mr. Pritchard said.

Earlier, at the preliminary meeting, Mr. Pritchard had submitted a suggested bill which would prevent the payment of commissions to lendors on credit life insurance in cases where the creditor is either directly or indirectly the beneficiary of the insurance.

• • •

Mr. Holz commented that it will take the combined efforts of all segments of the business to arrive at a solution to the credit problem.

The agenda for the committee meeting contained the items on the relationship of finance companies to affiliated insurers, the rate structure in credit life and A&S and the underwriting experience in auto physical damage. All of these had been placed before the committee by Ohio, and Commissioner Pryatel suggested after each item was brought up that a subcommittee be appointed. It was at the suggestion of Mr. Holz that these sub-

committees be combined into one and take up the entire problem.

Larson of Florida, the committee chairman, asked for discussion on each of the points, but it was negligible until Mr. Boyer made his statement in behalf of Household Fiance.

NON-PROFIT HOSPITAL

The committee on non-profit hospital and medical service associations and similar organizations prepared a full assignment for itself at its meeting in Miami Beach. It includes making a comprehensive study of the problems relating to hospital care, recommendations for extended maternity benefits, and a special study of depreciations on building and equipment to be used in the reimbursement formula between hospitals and service associations.

Pryatel of Ohio presided at the meeting and made his first order of business the approval of his action in setting up subcommittees on a reimbursement formula and on extended maternity benefits. These two subcommittees had extensive reports to make. Davey of Indiana submitted a 14-page document on the reimbursement formula which embodies all the statements of National Assn. of Hospital Administrators except that on depreciation. This report was not up for adoption but for study, Mr. Davey noting that he would like to have the various state agencies, such as those on workmen's compensation and public welfare look it over and come to a general agreement. The idea evidently is that NAIC would adopt the report, plus a special report on depreciation, that would provide a formula for Blue Cross payment to hospitals. He noted that 60% of the members of American Hospital Assn. have already agreed to abide by the provisions of the hospital administrators.

• • •

Among the items in this reimbursement plan are:

Agencies purchasing hospital services should pay the "full cost" incurred in providing services for which they are responsible under their agreement with hospitals.

A hospital should apply uniform principles for determining rates of reimbursement or similar services for all third party agencies.

Third party agencies should not be expected to pay for that portion of the cost of specific cases which have been or will be paid for from other revenue designated for such cases.

Established rates to self-paying patients for similar services and accommodations should be based upon and reasonably related to the "full cost."

• • •

The subcommittee on extended maternity benefits recommended that Blue Cross give consideration to allowing conversion privileges to pregnant members when a group is switched from Blue Cross to another plan. Pregnant patients would be charged a premium for maternity benefits only. The subcommittee said there are few other areas in conversion of group cases that cause the problems, but pregnancy has for some time been a source of concern.

Artemas T. Leslie of the Blue Cross-Blue Shield Commission asked if additions or deletions might be made to this proposition, and was informed that the subcommittee would like to get all the ideas on the record so as a definite report can be made at the June meeting.

The Rochester, N. Y. agency of Connecticut General, headed by H. H. Rockwell, has moved from 183 East Main street to 75 College avenue.

NAIC Defers Action on New Mortality Table

(CONTINUED FROM PAGE 1)

of Zack Cravey of Georgia. The final election was of a representative-at-large on the executive committee, this being Joe B. Hunt of Oklahoma.

In other action, the NAIC elevated the title of Hugh Tollack from assistant secretary to executive secretary to conform with the terminology generally employed in the business in connection with this office.

As far as the fire and casualty people attending the Miami Beach meeting were concerned, the elections were as lively an event as anything that came up in their field. Life insurance and A&S insurance activities have usurped the predominant position at the NAIC meetings recently, and this is a development which the fire-casualty people have greeted with joy. There was no action and no committee report at the Florida convention that caused any disturbance or produced any anxiety in the property and liability ranks. Relaxation was the order of the day, and the social life—fishing, swimming and absorption of sunshine—received its greatest impetus from this group of insurance people.

• • •

The resolutions adopted by NAIC, aside from those of thanks to various hosts, were in tribute to the late Commissioner George Bowles of Virginia and a note of regrets to Harry Fuller, midwest manager of National Bureau of Casualty Underwriters, who underwent an operation at Presbyterian hospital, Chicago, and could not attend the Florida meeting after having a record of about 70 straight.

The gathering of Passe Club International during the convention of National Assn. of Insurance Commissioners at Miami Beach drew a good attendance, but disappointment was expressed by Howard J. Brace (California) of Occidental Life that the commissioners up for election in November had failed to recognize the values of Passe and that no new members had been gained in this manner.

M. J. Harrison (Arkansas) Little Rock attorney, supreme president, presided at the luncheon. In his report as supreme secretary, Mr. Brace said that five new members had joined the club since the last meeting—Burt of South Dakota, Martin of Louisiana, Smith of New Jersey, Gwaltney of Alabama and Gillooly of West Virginia. The club lost two members by death, Allyn of Connecticut and VandeZande of Wisconsin. Mr. Brace made a tribute also to the late George Bowles of Virginia, who was never a member, but attended the meetings as an officer of NAIC for many years.

• • •

The Passe Club features the light touch, and it was carried out admirably but the officers and by Bernard Stone (Nebraska) now practicing law at Omaha, who gave a talk featuring a glimpse of state legislation in 1976, when he said the commissioners will be run by electronics on a remote control circuit with headquarters in the FTC offices.

Commissioner Robert Taylor of Oregon, the NAIC president, was presented with an inscribed gavel and some words of encouragement about joining Passe, by Jack R. Maloney (California) who is practicing law. Mr. Maloney noted that it is customary for these gifts to be given the president by a Passe Club member from his own state, but Oregon is one of the few states without a member.

The life insurance committee report was the last item on the agenda at the plenary session, President Taylor, Oregon, explaining that this was the only controversial matter, and those not interested should be given a chance to depart as the other business was conducted. After the report was read, in its latest form, carrying a recommendation for immediate adoption of the mortality table as a permissive statutory standard in conjunction with recommended changes in the standard non-forfeiture and valuation laws, the arguments against it were reiterated by E. Forrest Estes of Bankers Life of Nebraska that had been made before the deficiency reserve subcommittee and before the life committee. After Mr. Estes concluded his extended presentation, McConnell of California spoke in decisive tones, saying he was not going to go into the merits of the proposal, but that he disagreed with the change in the life committee report from an orig-

(CONTINUED ON PAGE 26)

inal unfavorable attitude to one suggesting immediate adoption. He said the life committee, by holding a special and changing its recommendation did not allow those opposing the mortality table to know what was in the air. Many of them had left town assuming that the life committee report as originally put out was what was to be adopted, and to allow the change "would haunt" the NAIC.

Mr. Taylor said a motion to table is always in order, but Mr. McConnell said that would be an unfriendly act. He said he would rather give approval to part of the report and pass that part having to do with the deficiency reserves. Hayes of Louisiana agreed with Mr. McConnell that several opponents of the mortality table had left town.

The role call on how to handle the report was done in executive session, the conclusion being that everything was to be adopted except the deficiency reserve report which is to be reconsidered.

Harold Bittel of New Jersey presented the deficiency reserve subcommittee report to the life committee Wednesday, remarking that nothing in it would require any state to act or any company within any state to act. The new mortality table, he said, recognizes changes in mortality and takes cognizance of the responsibilities of the commissioners in relation thereto.

A. N. Guertin of American Life Convention, representing the special committee on a new mortality table of Society of Actuaries, said the new table is not designed as a basis for establishing premium rates. It is suitable, however, for establishment of proper reserves. It will produce slightly lower cash values, and has margins that give a ratio of experience to actual mortality to about 85%. It can be used for participating insurance and will solve deficiency reserve problems for some years to come.

B. M. Anderson of Connecticut General Life, representing the ALC and LIA subcommittees on deficiency reserves, said the table is not needed by the mutuals or by stock companies operating on a participating basis. The problem it treats is confined to nonpar stock insurers. Mr. Anderson made it clear that he was not trying to take a partisan attitude, that his company would not care if the table were not adopted, and those who have worked up the table and presented its merits to the NAIC had in mind only doing what they thought best for the business.

The primary concern is the welfare of the stock companies confronted with the problem of deficiency reserve statutes in about 32 states, Mr. Anderson said. These statutes, calling for deficiency reserves on rates lower than those in the CSO table operate, in effect, to regulate premium rates for some companies, he pointed out, and the new mortality table is the logical approach to solving this.

• • •

He emphasized that the proposal is entirely optional for all companies. In some degree it will stimulate rate competition, a good feature for the public, although it may cause problems for some companies.

Mr. Anderson urged that the title not be the 1956 CSO table since some insurers do not need or want to adopt it, and the situation is not the same as in 1941 when nearly all the companies advocated a new table.

William C. Brown, vice-president and actuary of Colonial Life, remarked that the improvement in mortality has made the 1941 table obsolete. He said his company has $400 million in force, which $280 million is ordinary, classifying Colonial as a small company. There can be no question as to the desirability of the new table, Mr. Brown said. It is urgently needed. The life business is "terrifically competitive" and is getting more so. The big mutuals will increase their dividends and the big stock companies will cut premiums without being deterred by the deficiency reserves because they can afford it. The smaller stock companies are squeezed, and while their experience would justify premium reductions, there is no money available to put up the deficiency reserves. He paid tribute to the large insurers which have been sympathetic to the problem and have worked out an answer.

To the objection that there has not been time to study the new table, Mr. Brown said there had been two committees of emminent people in the business and a 705 working on it. The personnel of the committees would indicate that it is had the best study available.

• • •

For those who do not know what the new table might do, he said for Colonial Life it would save $50,000 a year, based on present operating costs alone, something "within 10% of insurance earnings." A delay of NAIC to act now could mean a two year postponement because of the legislative schedule, and this would cost Colonial more than $100,000.

J. M. Woolery, vice-president and actuary of Occidental of North Carolina and Peninsula Life, a $200 million in-force insurer, said the problem of rates is a very acute one, with the larger companies basing dividends and rates on the true picture of mortality, interest and expenses. He endorsed Mr. Brown's statement, saying that the rates should be based on the actual experience and that the life companies should not distort their statements by taking money out of surplus for deficiency reserves.

E. Forrest Estes, associate actuary of Bankers of Nebraska, the main opponent of the new table, remarked that the presentation of the life committee was entirely too much of a love feast. He said in a sense he represented the views of 12 other companies that are disturbed by the proposed changes.

There has been too short of time to study what the new tables could mean, he said, especially to the smaller companies. The committees working out the tables had no company represented under $100 million in-force.

Mr. Estes said the cost of new rate books to conform to the proposed table would be $50,000 to his company, including the cost of new policies and educating the agents. While it is true that no one has to make the changes, competition will force it, he remarked.

• • •

He argued on the extended term feature, saying he has been told that carrying it at 130% will not exceed the 1941 table, but that for practical and competitive reasons 130% is not used to begin with. If a policyholder lapses, the extended term provision has to be calculated, there is very little margin in the new table to cover the calculation expenses, and this payment will have to come from the continuing policyholders. There should be a constant in the new table to take care of this situation, Mr. Estes said.

He argued that the premium levels in some instances are too low. There should be time for the small companies to go over the implications for their operations, he added.

Mr. Estes' views were endorsed by Ira McGuire of Security Life & Accident of Denver.

Mr. Brown rebutted the Estes' contentions, saying that if the companies opposing the table are sufficiently far

away from the competitive area that they are not now squeezed by the current rate reductions, they will not have to change their rate books until the competition reaches them. The table is optional, he emphasized. He went on to say that it does not cost $50,000 to get out a new rate book, but only about half that. Colonial Life, Mr. Brown said, has been conditioned to the necessity of putting out new rate books every three to five years just to keep up with competitive developments.

Holz of New York asked Mr. Bittel if the companies had only learned of the new table three weeks ago as had been stated by Mr. Estes. Mr. Bittel admitted that the final table, X-17, had been distributed just after the meeting of Society of Actuaries Nov. 11, but that everyone had been informed that it was in process.

• • •

Arthur Coburn, vice-president of Southwestern Life of Dallas, said his company has already cut premiums drastically and is not asking for assistance in cutting them any further. He said that only a few of the 300 or so Texas life companies have been able to put their rates at a competitive level because of the deficiency reserve problem. There is no question, he observed, that if the new table is adopted many companies will reduce premiums.

Mr. Holz wondered if three weeks was ample time to study a new mortality table, and Mr. Bittel replied that in light of the information available to the companies today, it is. Mr. Coburn, who also had been pressed by Mr. Holz for an answer to this question, said that he was not one to evade, and that his reply was no.

John Panchuk, Federal Life & Casualty, said it is not as expensive as indicated by some of the opponents of the table to change rates. He said he favors the new table, but not with the title 1956 CSO, because under the optional feature some companies would not adopt it and there is danger that agents of companies that did adopt it could make disparaging remarks.

Mr. Bittel, who earlier had stood up for the 1956 title, asked whether a new name would mean that less competitive use would be made of it. Victor Lutnicki of John Hancock, who also had pumped for a less specific name, said the competitive use would be less effective.

• • •

Pansing of Nebraska urged deferring action until the companies can study the table. He said the Nebraska insurers came to him the day after Mr. Guertin had explained the table to them and said they understood the new table was being done in their behalf, "but please don't hug us so hard."

Theo P. Beasley of Republic National Life said there is an urgency about adopting the table. The actuaries of his company, although having only three weeks to study it, want it used. Republic National, Mr. Beasley said, is losing business every day to companies that have cut rates and are able to put up deficiency reserves. Republic National also is losing agents in this competitive situation. He mentioned that there is a threat in Texas of legislation to keep any company from writing business in the state that requires deficiency reserves. There has not been perhaps time enough for study, but the urgency of the situation calls for action, he concluded.

R. W. Pullen of Public Savings Life of South Carolina wound up the industry argument on a humorous note, remarking that there has been a lot of rate reduction by the use of deficiency reserve and that some companies may have cut the rates too much and are asking for NAIC to adopt a table after they found they are in bad need of it. He said a table should be adopted before the rates are cut, and drew a big laugh when he asked Mr. Beasley if he was in favor of the table on the behalf of his reinsurance clients as well as his own company. Mr. Beasley replied he thinks the reinsurance clients would benefit them.

The NAIC did, however, take affirmative action on three of life subcommittee reports.

The group life subcommittee proposed that there be adopted the suggestion of National Assn. of Life Underwriters for amending the group definition as adopted at the June meeting to say "No debtor shall be eligible unless the indebtedness constitutes an irrevocable obligation to repay which is binding upon him during his life time at the time the insurance becomes effective upon his life."

Mr. Lutnicki commented this in effect says NAIC is going to prohibit the kind of life insurance (group credit coverage for mutual fund purchases) now being written under a section of law which possibly says it shouldn't be written. He suggested that the last sentence in the report in which the subcommittee agreed to consider any "problems" submitted in connection with the further amendment of the definition be changed to say the subcommittee will consider any "suggestions" in this area, and this change was made.

The subcommittee on commercial pension and trusteed welfare funds recommended that it be authorized to develop a code of ethics for this type of business and report at the June meeting at Atlantic City. An advisory committee from industry will assist in this project.

The subcommittee on variable annuities as its next endeavor will study the effect of the sale of variable annuities in other states if any one state authorizes the sale of variable annuities by either an insurance company or a fraternal.

NW Nat'l. Stops Attempts to Get Its Sockholders List

(CONTINUED FROM PAGE 1)

vestors; Murray D. Lincoln, president of Nationwide Life and a director of Life Insurance Investors, and J. C. Bradford of Nashville, also a director of the Chicago firm. J. C. Bradford & Co. is accused of seeking to buy Northwestern stock for Nationwide through other securities dealers.

Life Insurance Investors, however, has denied any tie-up with Nationwide Corp. John Royston, general manager of Life Insurance Investors, said his company is interested in the battle for stock only insofar as Insurance Investors, "as the largest single stockholder," wants to know what other Northwestern stockholders are going to do.

Mr. Royston said LII, as a mutual fund, could not possibly seek control of Northwestern since its charter and bylaws limit its ownership to not more than 10% of the stock of any one company.

In opposing Mr. Houston's action, Northwestern National said Great Southern's offer violates the 1955 Texas insurance code, which prohibits a Texas insurance company from investing more than 10% of its capital, surplus or contingency funds in the stock of another corporation. Northwestern listed Great Southern's assets at $20 million or less and said the Houston company's offer to buy 110,500 or more Northwestern shares at $103.50 each would entail an outlay of $11 million, while the Texas code would limit such an investment to about $2 million.

Northwestern charged that if Dallas Union Securities seeks to buy the stock for the account of purchasers other than Great Southern, the offer would be misleading and in violation of the securities exchange act of 1934.

Although Northwestern, at Great Southern's request, previously mailed the Dallas Union offer to all shareholders, Mr. Houston was understood to want the mailing lists for soliciting proxies and disseminating further information about the offer.

$55 Billion in Life Sales Is Score for 1956

(CONTINUED FROM PAGE 1)

tween the government and business will long continue to exist, with deep and complex social and economic considerations involved."

Consequently, he said, action with respect to any significant problem must take into account the possible repercussions in other areas and the influence such actions have on the long-range interests of the business.

The growing cooperation between life insurance and government has been beneficial and is clearly in the public interest, according to Mr. Fitzgerald.

"Solutions should not be developed in isolation and the expedient course is often unwise," he said. "Our relations with government at the state and federal levels present an intricate and challenging series of problems. They can best be solved, however, if the business relations with government continue to be built with an atmosphere of confidence and understanding."

It was his hope that more and more of the association activities can be identified with positive and progressive actions as "it does not help the vitality and reception of any organization to frequently be appearing in a negative role."

The basic role of life insurance, as trustee of the largest pool of savings, was described by Mr. Fitzgerald as "an obligation to keep pace with America's growth through expanded sales and growing assets."

Blue Cross to Offer Uniform Contracts to Nationwide Employers

The operations of Blue Cross Association have been revised to deal primarily with national sales programs and functions affecting subscribers.

The association will direct its sales efforts toward nationwide employers. It will be empowered to offer uniform Blue Cross contracts to firms with employes in more than one state or area. The employes will be covered through the plans operating in their own areas. Employers will be able to choose either a uniform plan for all employes, regardless of their geographical location, or take the plans operating in the various areas where their workers are situated.

Blue Cross Association, an Illinois corporation chartered in 1948, heretofore has had limited duties. One of its first responsibilities was Health Service, Inc., a wholly-controlled health insurance company, which will continue to serve as a national underwriting organization for Blue Cross under the new setup.

Dr. Basil C. MacLean has resigned as New York City commissioner of hospitals to become president of Blue Cross Association, effective Feb. 4. He has been on Blue Cross Commission since 1945.

The commission, through which the 86 Blue Cross plans in North America are federated, will continue, through American Hospital Association, to serve as national coordinating agency for plans in the U.S. and Canada. It will retain activities concerned with the plans' management problems.

The plans currently are deciding themselves whether or not to enter into the association's new uniform contract arrangement.

Insurer Holds Yule Party for Settlement House Tots

A Christmas eve preview was arranged this week for 75 children of Northwestern University Settlement House, Chicago, by employes of Washington National. Disguised members of the company's Bureau of Human Relations picked up the youngsters in a chartered bus and took them to the home office in Evanston for a festive event of songs, music, movies and good things to eat. Highlight of the evening was the appearance of Santa Claus himself who gave an attentive ear and distributed gifts. The party is sponsored annually by employe contributions and is directed by Bureau of Human Relations.

Columbus Blue Cross Wins 13% Rate Boost; Akron Asks Increase

Superintendent Pryatel of Ohio has approved a 13% rate increase for Central Hospital Association (Blue Cross), which serves the Columbus area, and has heard a plea by Akron Blue Cross for permission to boost rates in its 7-county territory. Meanwhile, Ohio hospitals are trying to forestall rising liability insurance premiums resulting from a recent state supreme court decision.

• • •

Central Hospital Association's group 30-day standard premiums will be raised from $4.50 to $5.20 a month; the 30-day comprehensive individual monthly rate from $2 to $2.15 and family from $4.35 to $5.40; the 120-day comprehensive individual from $2.30 to $3 and family from $5.50 to $6.80. A limit of $80 on maternity cases has been set for these subscribers.

The department denied the association's request for permission to offer experience rated plans to risks with unfavorable loss rations on grounds that the proposal was not economically sound. Also denied was a proposal to guarantee rates, said to be unfair to certain subscribers.

Akron Blue Cross said its paid claims exceeded its income by $500,000 last year. The requested revised rates ranged from no increase for 70-day semi-private and 70-day ward comprehensive single contracts to $1.55 more a month for group type "S" family contracts now costing $5.70.

The supreme court decision canceled a 50-year rule holding hospitals immune from liability suits and made them liable for acts of their professional employes. Premium rates have jumped 300% on liability coverage for hospitals since the decision in August, according to H. C. Eader, executive secretary of Ohio Hospital Assn. He said these higher costs will be reflected in charges to patients.

Brill Cites Programs, Merchandising for Big Change in Last 6 Years

The life business has changed more in the last six years than in the preceding 50 years with liberalized underwriting programs, new kinds of policies and the adoption of modern merchandising methods, Emil E. Brill, senior vice-president of General American Life, told members of St. Louis Life Insurance and Trust Council at a luncheon meeting. He described steps taken by companies to meet social and economic changes created by the population increase, the growth of the middle-income group and higher taxes and cost-of-living. In addition, Americans have become much more security conscious. The demand for life insurance is greater than ever, he said, and premium rates and net cost figures have become "highly competitive."

E. E. Brill

• • •

The adoption of liberalized underwriting programs has made it easier for more people to buy life insurance, Mr. Brill said. He added that "80% of all applicants now qualify for standard insurance, and approximately 98% of all applicants are insurable at a price. This price is getting lower and lower each year."

Mr. Brill listed among important underwriting changes the following: Liberalizing of the non-medical underwriting requirements; extending the maximum entrance age of the insured beyond 65; fewer occupational ratings that require higher premiums; and intensive study of the effect on mortality of the miracle drugs and medical advances.

Another trend in the insurance business, he explained, is the adoption of modern merchandising. He mentioned the use of new sales methods such as payroll deduction plans, and "business life insurance," which covers key personnel of businesses. Selection and training of agents is receiving an increasing amount of company attention, Mr. Brill reported.

Los Angeles GAs Hold Annual Planning Parley

Agency planning for 1957 was the theme of the annual planning conference of the Los Angeles General Agents & Managers Assn. held recently at the Jonathan Club, Los Angeles. It was a luncheon and all-afternoon session, one of the largest and most significant events of the group's activities for the year.

Melzar C. Jones, general agent for Connecticut Mutual Life, was keynote speaker and moderator. Presentations of all speakers stressed the importance of adjustment to recruiting, training and brokerage markets for 1957.

Washington National, Combined Vote Contest Ends in Tie

A "get out the vote" contest between Washington National and Combined Ins. Co. of Chicago during the November presidential election resulted in a tie. Results of the spirited competition to see which company would have the highest percentage of actual voters to those eligible to vote showed that both companies emerged with 98.44% employe participation.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, Dec. 11, 1956

	Previous Week's Bid	Current Bid	Asked
Aetna Life	172	168	171
Beneficial Standard	16¼	16	16½
Cal.-Western States	75	78	82
Colonial Life	94	94	98
Columbian National	72	76	80
Commonwealth Life	21¾	23¼	24
Connecticut General	250	251	255
Continental Assurance	120	121	125
Franklin Life	80¼	85½	88
Great Southern Life	80	78	82
Gulf Life	31	31½	32
Jefferson Standard	117	121	124
Kansas City Life	1100	1140	1175
Life & Casualty	21½	21	22½
Life Insurance Investors	13⅝	13¾	14¼
Lincoln National	210	208	212
Missouri	30	31	Bid
National L. & A.	85	88	90
North American, Ill.	18¾	18	19
N.W. National Life	102	103	104½
Ohio State Life	255	260	Bid
Old Line Life	58	57	62
Southland Life	89	88	93
Southwestern Life	93	93	98
Travelers	70	69¼	70¼
United, Ill.	20¾	21⅝	22¼
U.S. Life	27	27	28
West Coast Life	45½	46	47½
Wisconsin National	51	50	54

James B. Tisdale

In May 1946 James B. Tisdale joined the Franklin with no previous insurance experience. Here is a record of his cash earnings for the past 10 years:

1946	$ 2,377.63
1947	4,946.75
1948	5,932.47
1949	10,247.36
1950	11,250.00
1951	12,508.78
1952	16,085.30
1953	17,614.01
1954	18,768.93
1955	20,071.62

GENERAL AGENCY OPPORTUNITY IN LEXINGTON, KENTUCKY

10 Years and 2,764 Sales Later

Montgomery, Alabama
October 24, 1956

Mr. Francis J. O'Brien, Vice President
Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

Five years ago I wrote you to express the great happiness and pleasure that was mine upon the completion of my first five years with the Franklin. Now a second five-year span has passed, far more richly rewarding and satisfying than the first, and I want to again express to you and all my friends in the Home Office, my heartfelt gratitude for your part in my happiness.

I have followed to the letter the suggestions that were given to me in 1946 about concentrating on Franklin's exclusive Insured Savings Plans. In that first five years I made 1,000 sales, 68 of which were on the conventional forms of life insurance. Today the total number of sales is 2,764, and only 127 of them are other than our incomparable exclusives. In 1955, you may recall, I had the satisfaction of achieving a self-assigned goal of 365 sales in 365 consecutive days. Franklin methods and Franklin contracts made it possible.

Between us, O'B, I really feel that I should have done more in the past two years, but I must confess I spend about 20 percent of my time enjoying with my family a lakeside cottage and motorboat, the ownership of which has been made possible by the happy fact of my association with the Franklin Life.

I shall never cease being grateful.

Cordially yours,

Jim Tisdale

An agent cannot long travel at a faster gait than the company he represents:

The Friendly

FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT — SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans

Over Two Billion Three Hundred Million Dollars of Insurance in Force